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No.

Supreme Court, U.S.

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IN THE
Supreme Court of the United States

OCTOBER TERM, 1989

ENCO MANUFACTURING COMPANY, INC.,

Petitioner,

vs.

CLAMP MANUFACTURING COMPANY, INC.,

Respondent.

**PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF
APPEALS FOR THE NINTH CIRCUIT
AND APPENDIX**

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QUESTIONS PRESENTED FOR REVIEW

1. Does federal and state trademark protection of the overall configuration of a utilitarian product offend the federal patent and trademark statutes and the Patent Clause of the Constitution where the product is the subject of an expired patent and the product configuration has not been registered, advertised, or promoted as a trademark?

2. Should the ultimate issue of likelihood of confusion, which is determinative of every trademark infringement case, be one of law which is fully reviewable on appeal, rather than one of fact, which is subject to the "clearly erroneous" standard, particularly where the claimed trademark is an overall product configuration and the decision results in a perpetual product monopoly?

3. Should an appellate court remand a trial court's decision which fails to make any findings of fact or conclusions of law as to a potentially valid affirmative defense or even mention the defense, especially where the defense is one which is addressed to the discretion of the trial court?

TABLE OF CONTENTS

	Page
QUESTIONS PRESENTED FOR REVIEW	i
TABLE OF CONTENTS	iii
TABLE OF AUTHORITIES	v
OPINIONS BELOW	2
JURISDICTION	4
CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED	4
STATEMENT OF THE CASE	5
REASONS FOR GRANTING THE WRIT	13
I. FEDERAL AND STATE TRADEMARK LAWS SHOULD NOT BE USED TO PREVENT EXACT COPYING OF THE OVERALL CONFIGURATION OF A DEVICE DESCRIBED AND CLAIMED IN AN EXPIRED UTILITY PATENT WITHOUT FAIR WARNING TO THE PUBLIC OF THE PROTECTED NON-FUNCTIONAL PRODUCT FEATURES.	13
II. THIS COURT SHOULD RESOLVE THE SPLIT AMONG THE CIRCUITS ON THE QUESTION OF WHETHER LIKELIHOOD OF CONFUSION IS REVIEWABLE ON APPEAL UNDER THE DE NOVO OR THE "CLEARLY ERRONEOUS" STANDARD.	24

III. RULE 52(a), FED. R. CIV. P., REQUIRES A COURT OF APPEALS TO REMAND A TRIAL COURT'S DECISION WHERE IT FAILS TO MAKE EXPRESS FINDINGS AND CONCLUSIONS ON AN AFFIRMATIVE DEFENSE, OR EVEN TO MENTION THE DEFENSE.	32
--	----

CONCLUSION	40
------------	----

APPENDIX

APPENDIX A: Opinion of the United States Court of Appeals for the Ninth Circuit	App. 1
---	--------

APPENDIX B: Findings of Fact and Conclusions of Law of the District Court	App. 13
---	---------

APPENDIX C: Order Granting Motion To Correct Findings of Fact and Conclusions of Law	App. 25
--	---------

APPENDIX D: Judgment of the District Court	App. 28
---	---------

APPENDIX E: Order of the Appellate Court	App. 31
---	---------

APPENDIX F: Statutory Provisions Involved	App. 32
--	---------

APPENDIX G: United States Patent No. 2,726,694	App. 38
---	---------

APPENDIX H: Photograph of Enco Clamp	App. 43
---	---------

APPENDIX I: Photograph of Clamp Clamp	App. 44
--	---------

TABLE OF AUTHORITIES

CASES

	Page
<i>Anderson v. City of Bessemer City, N.C.</i> , 470 U.S. 564, 105 S. Ct. 1504 (1985)	29, 34, 36
<i>Bonito Boats, Inc. v. Thunder Craft Boats, Inc.</i> , ____ U.S. ____; 109 S. Ct. 971 (1989)	15, 16, 19, 27
<i>Compco Corp. v. Day-Brite Lighting, Inc.</i> , 376 U.S. 234, 84 S. Ct. 779 (1964)	16, 27
<i>Elby's Big Boy of Steubenville, Inc. v. Frish's Restaurants, Inc.</i> , 459 U.S. 916, 103 S. Ct. 231 (1982)	25
<i>Euroquilt, Inc. v. Scandia Down Corp.</i> , 475 U.S. 1147, 106 S. Ct. 1801 (1986)	25
<i>Icicle Seafoods, Inc. v. Worthington</i> , 475 U.S. 709, 106 S. Ct. 1527 (1986)	34, 35
<i>Kelley v. Everglades Drainage District</i> , 319 U.S. 415, 421-22, 63 S. Ct. 1141 (1943)	35
<i>McLean v. Fleming</i> , 96 U.S. 245 (1878)	32
<i>In Re R.M. Smith, Inc.</i> , 734 F.2d 1482 (Fed. Cir. 1984)	19

	Page
<i>Sears, Roebuck & Co. v. Stiffel Co.</i> , 376 U.S. 225, 84 S. Ct. 784 (1964)	15, 27
<i>Textron, Inc. v. U.S. International Trade Commission</i> , 753 F.2d 1019 (Fed. Cir. 1985)	17
<i>Unital, Ltd. v. Sleepco Mfg., Ltd.</i> , 627 F. Supp. 285, 229 U.S.P.Q. 755 (W.D. Wash, 1985)	19
<i>Zenith Radio Corp. v. Hazeltine Research, Inc.</i> , 395 U.S. 100, 89 S. Ct. 1562 (1969)	34

CONSTITUTIONAL AND STATUTORY PROVISIONS

U.S. Const., Article I, §8, cl. 8	4, 14
15 U.S.C. §1111	5, 19
15 U.S.C. §1114	5, 26
15 U.S.C. §1125(a)	5, 15
28 U.S.C. §1254(1)	4
28 U.S.C. §2101(c)	4
28 U.S.C. §1331	5
28 U.S.C. §1338(a)	5

	Page
28 U.S.C. §1338(b)	5
35 U.S.C. §112	5, 18
35 U.S.C. §154	5
35 U.S.C. §287	5, 19
Rule 52(a), Fed. R. Civ. P.	5, 32, 33, 34, 36

OTHER AUTHORITIES

*Altman, 3A Callmann, Unfair
Competition, Trademarks and
Monopolies, §20.64, pp.
561-62 (4th Ed. 1983)
(1988 revision)*

25



No.

In The
SUPREME COURT OF THE
UNITED STATES

October Term, 1989

ENCO MANUFACTURING COMPANY, INC.,
Petitioner,

vs.

CLAMP MANUFACTURING COMPANY, INC.,
Respondent.

PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES
COURT OF APPEALS
FOR THE NINTH CIRCUIT

Petitioner, Enco Manufacturing Company,
Inc.¹, requests that a Writ of Certiorari

¹The following companies are subsidiaries or affiliates of petitioner Enco Mfg. Co., Inc.: (1) United Tool, Inc., a Massachusetts corporation (subsidiary); (2) Charles Tool of California, a California corporation (affiliate); and (3) Enco Magnetic Tool Co., an Illinois

issue to review the judgment of the United States Court of Appeals for the Ninth Circuit, entered in this proceeding on March 14, 1989, affirming the judgment of the United States District Court for the Central District of California.

OPINIONS BELOW

The original action was tried in the United States District Court for the Central District of California. On August 10, 1987, the district court entered its Findings of Fact and Conclusions of Law. On November 24, 1987, the district court modified the Findings of Fact and Conclusions of Law and entered judgment for plaintiff, Clamp Manufacturing Co., Inc., enjoining the defendants, Enco Manufacturing Company, Inc. and Colex, Inc., from distributing a line of no twist cantilever-

corporation (affiliate).

ed "C" clamps similar to plaintiff's, and awarding plaintiff a sum equal to defendants' gross profits in the amount of \$578,689, plus \$378,077 prejudgment interest and the costs of the suit (App. 13, 25, 28). These opinions are reported at 5 U.S.P.2d 1643 (C.D. Cal. 1987)².

The United States Court of Appeals for the Ninth Circuit affirmed the judgment of the district court. The Opinion of the Court of Appeals is reported at 870 F.2d 512, 10 U.S.P.Q. 2d 1226 (9th Cir. 1989) (App. 1). On June 15, 1989, the Court of

²The following abbreviations are used:

- App.: Pages of the Appendix to this
Petition
F : Finding of Fact of the District
Court
CL : Conclusion of Law of the District
Court, as amended by the Court's
Order of November 24, 1987
Tr. : Trial Transcript
TX : Trial Exhibit

Appeals denied defendant-appellant Enco's petition for rehearing (App. 31).

JURISDICTION

This Petition for a Writ of Certiorari to review the judgment of the Court of Appeals filed on March 14, 1989, is being filed within ninety (90) days of the Order of the Court of Appeals of June 15, 1989, denying the petition for rehearing.

The jurisdiction of this Court is based upon 28 U.S.C. §§1254(1) and 2101(c).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

Article I, Section 8, cl. 8, of the U.S. Constitution provides that:

The Congress shall have Power...To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

The Lanham Act, 15 U.S.C., §§1111, 1114(1), and 1125(a) are set forth in the Appendix.

The Patent Act, 35 U.S.C., §§112, 154, and 287 are set forth in the Appendix.

Rule 52(a) of the Federal Rules of Civil Procedure, 28 U.S.C., is set forth in the Appendix.

STATEMENT OF THE CASE

This case involves claims of trademark infringement and unfair competition arising under the Lanham Act, California statutory law, and the common law. Jurisdiction in the district court was based on 28 U.S.C. §§1338(a), 1338(b) and 1331, and the principles of pendant jurisdiction. Plaintiff, Clamp Manufacturing Company, Inc. ("Clamp"), has alleged that defendants Enco Manufacturing Company, Inc. ("Enco") and

Colex, Inc.³ infringed its trademark in the overall configuration of certain non-twisting cantilevered "C" clamps, and that Enco's use of the words "no twist" in association with the sale and promotion of Enco's own non-twisting clamps infringed Clamp's federally registered trademark "KANT-TWIST". Enco maintains that it was free to copy Clamp's non-twisting clamps since they were the subject of an expired utility patent, and that its use of the words "no twist" to describe its clamps was not an infringement of Clamp's KANT-TWIST trademark. Enco also maintains that Clamp's claims were barred by laches since Clamp waited five years between the time it first informed Enco of its alleged rights and the time it filed suit.

³Colex, Inc. was merged into Enco subsequent to trial.

Clamp manufactures, distributes and sells clamps. In the early 1950's, Clamp began manufacturing and selling non-twisting cantilevered "C" clamps in a variety of sizes under the trademark "KANT-TWIST". These clamps were the subject of a United States utility patent, which expired in 1972 (F 2,3; TX 301; App. 38).

Enco distributes and sells metalworking machines, machine tools, parts and accessories. Enco promotes these products mainly through catalogs (F 6,7). Approximately four years after Clamp's patent expired, Enco began importing a line of non-twisting cantilevered "C" clamps from a Korean company and reselling them in the United States (F 9). Enco's non-twisting clamps are virtually identical to the clamp disclosed in the expired patent. Enco's clamps bear the mark "ENCO" and a model number designation (App. 43). The words

"no twist" do not appear on Enco's clamps; they appear only in advertising, in such descriptive phrases as "ENCO NO TWIST CLAMPS". Enco's clamps were sold at lower prices than Clamp's products (F 21).

When Enco initially began selling its no twist clamps, Clamp did not object. Indeed, Clamp at one time sold KANT-TWIST clamps to Enco, knowing that Enco was already selling the same non-twisting clamps now accused of infringement (Tr. Vol. II, pp. 172, 174; Tr. Vol IV, p. 54).

In late 1977, Clamp demanded that Enco cease its alleged infringing clamp sales (F 23; TX 153). Enco responded by stating that, since Clamp's patent had expired and since the words "no twist" were used descriptively, Enco's clamp sales did not infringe any rights of Clamp (Tr. Vol. I, p. 107; Tr. Vol. II, p. 22; TX 154). Five years later, in 1982, Clamp filed this

case. During those five years, Clamp did not complain to Enco about Enco's continuing sales of non-twisting clamps. Instead, Clamp pursued a complaint with the Federal Trade Commission in an unsuccessful attempt to bar Enco's and other similar clamps from entering the United States (Tr. Vol. II, p. 178; Tr. Vol. III, p. 106). The FTC concluded that no action against Enco was warranted (Tr. Vol. IV, pp. 51-52).

Clamp neither advertised nor promoted the overall configuration of its clamps as a trademark. Its advertising instead touted the functional features of its clamp. The first time Clamp asserted its clamp configuration as a trademark was the instigation of this litigation.

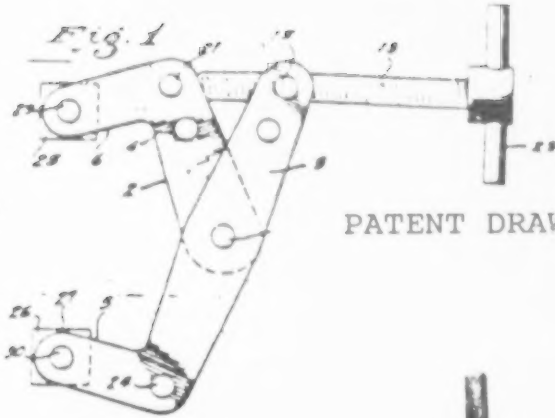
The district court found trademark infringement under section 43(a) of the Lanham Act and state law, concluding that the overall configuration of Clamp's KANT-

TWIST clamps was distinctive, primarily non-functional and arbitrary (F 20), and duplicated by Enco (F 19). The court also found that the description "no twist" was confusingly similar to Clamp's KANT-TWIST trademark (F 22). Clamp was awarded Enco's gross profits, plus pre-judgment interest and the costs of the suit (CL 28; App. 25). Enco's laches defense was the subject of an undecided motion in limine; but, the district court made no express findings or conclusions with respect to this defense, and did not even mention the defense in its opinion (App. 13).

The Ninth Circuit affirmed in all respects, even though it concluded that a different fact finder could have reached an opposite conclusion as to the district court's findings that Clamp possessed a valid product configuration trademark in the clamp design and that Enco violated the

Lanham Act by copying the clamp configuration. The Ninth Circuit concluded that the district court's failure to address the laches defense was equivalent to a rejection of this defense and was not an abuse of its discretion.

An exemplary drawing of the clamp of respondent's expired patent, and exemplary clamps marketed by petitioner and respondent are depicted below.



PATENT DRAWING



RESPONDENT'S CLAMP

REASONS FOR GRANTING THE WRIT

- I. FEDERAL AND STATE TRADEMARK LAWS SHOULD NOT BE USED TO PREVENT EXACT COPYING OF THE OVERALL CONFIGURATION OF A DEVICE DESCRIBED AND CLAIMED IN AN EXPIRED UTILITY PATENT WITHOUT FAIR WARNING TO THE PUBLIC OF THE PROTECTED NON-FUNCTIONAL PRODUCT FEATURES.

During the term of Clamp's patent, Enco obeyed the patent laws, and did not copy the invention. When the patent expired, Enco asserted its right under the patent laws to exploit the invention. Enco's clamp duplicated the product illustrated in the patent drawings, but not the product marketed by Clamp (App. 38, 43, 44). The Clamp product has a hooked shape on one of its jaws, which is absent from the Enco product and the patent. Enco copied only what was necessary to accomplish the function of the patented subject matter.

Nonetheless, the district court found this to be trademark infringement and per-

manently enjoined Enco from using the patented configuration or any other confusingly similar to it. The Ninth Circuit, while disagreeing with the district court's conclusion, felt constrained by Rule 52(a) not to overturn it, and affirmed the injunction. Thus, Enco has been effectively enjoined from ever selling a competing product; and Clamp, with the aid of the courts below, has successfully employed the Lanham Act and state unfair competition law to achieve the extension of its expired patent monopoly from 17 years to perpetuity.

The Patent Clause of the Constitution, Article I, §8, cl. 8, reflects a balance between the need to encourage innovation and the avoidance of monopolies, which stifle competition without any concomitant advance in the "Progress of Science and useful Arts." The clause contains both a

grant of power and certain limitations of that power. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, ____ U.S. ____; 109 S. Ct. 971, 975 (1989).

In particular, Congress may not create monopolies of unlimited duration. Thus, Section 43(a) of the Lanham Act, 15 U.S.C. §1125(a), may not be interpreted to grant a perpetual monopoly under the guise of trademark protection since this would exceed the limits imposed on Congress by the Patent Clause. Also, there is no reason to believe that, in passing the Lanham Act, Congress intended to derogate from the patent statutes in any way.

Likewise, state trademark and unfair competition laws may not be interpreted to grant perpetual monopolies or extend the life of expired patents. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 84 S. Ct. 784

(1964); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 84 S. Ct. 779 (1964). "Where the public has paid the congressionally mandated price for disclosure, the States may not render the exchange fruitless by offering patent-like protection to the subject matter of the expired patent." *Bonito Boats*, 109 S. Ct. at 978.

Here, a simple clamp received the benefits of a patent. When the patent expired, Clamp sought to extend the patent monopoly by characterizing the overall product configuration as a trademark. This characterization was solely for purposes of this litigation; it was not so characterized in the marketplace. As the Ninth Circuit noted, Clamp failed to assert trademark rights in its configuration until this litigation was initiated (App. 10), the clamp is not designed in any arbitrary or

distinctive manner, consumers purchased the product only on the basis of function, and Clamp's advertising of its product touted only its utilitarian aspects (App. 8). See *Textron, Inc. v. U.S. International Trade Commission*, 753 F.2d 1019 (Fed. Cir. 1985) (overall configuration of a milling machine denied trademark protection).

There has been a recent trend to expand both the Lanham Act and state trademark and unfair competition laws to protect product configurations as trademarks. Undoubtedly, this trend results from the growing concern over counterfeiting. But legitimate copying should not be discouraged. Otherwise, competition will be stifled and the consuming public will be forced to pay higher prices for products. Indeed, in this case, having effectively eliminated Enco as a competitor, Clamp is now free to continue

to charge the higher prices it received during the term of the patent and before Enco entered the market.

This case is therefore one where the reaction against copying has exceeded legitimate bounds, and the public has accordingly suffered economic harm.

Creating patent-like rights in the overall configuration of a product, by characterizing the configuration as an unregistered trademark under §43(a) of the Lanham Act or state law, creates a serious impediment to competitors who wish to market these products, especially in those cases where there is no fair warning to the trade of the features of the product which constitute the trademark.

Where an unexpired patent exists, the competitor may look to the claims of the patent to assess its boundaries. 35 U.S.C. §112. Where a registered trademark covers

a product configuration, the certificate of registration will normally contain a formal description of the features or elements for which trademark protection is claimed. *In Re R.M. Smith, Inc.*, 734 F.2d 1482, 1483 (Fed. Cir. 1984). Moreover, the applicable statutes provide for marking the product with notice of patent (35 U.S.C. §287) or trademark (15 U.S.C. §1111); otherwise, damages will not be recoverable. Thus, a patent or a registered trademark gives a competitor, like Enco, notice of what it can and cannot lawfully copy, and prohibits an award of damages when the competitor relies on the absence of notice. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 109 S. Ct. 971, 983 (1989).

This seldom-addressed problem of notice in the law of product simulation was mentioned in *Unital, Ltd. v. Sleepco Mfg., Ltd.*, 627 F.

Supp. 285, 291-92, 229 U.S.P.Q. 755, 758
(W.D. Wash, 1985):

The judicial requirements for establishing a right to exclusive use serve primarily to protect the freedom to compete effectively. These requirements [also] serve another . . . ancillary purpose [which] is to ensure that competitors have notice of the protected nature of a design. Where a design is registered as a trademark, copyrighted, or patented, constructive notice is thereby given to potential competitors. Where no claim is recorded, however, a producer would compete at his peril if every useful, attractive, or practical innovation could be legally protected as a common-law trademark.

In this case, there is nothing on which the public can rely to ascertain what is protected. The overall product configuration for which trademark rights is claimed is visually indistinguishable from the subject illustrated in the expired utility patent, and Clamp never referred to its product configuration as a trademark in advertising, or on the product or its packaging.

While the trial court found that the respondent's clamps were "distinctive, primarily nonfunctional, and arbitrary", the Ninth Circuit said that they were *not* arbitrary or distinctive (App. 8). Yet it refused to overturn this finding. The clamps themselves, and the patent relating to them, show that they are primarily functional and their design is not arbitrary, but intended to carry out a specific functional purpose which is described in the patent. In addition, the Ninth Circuit suggested that, if it were deciding the issue of functionality de novo, it would conclude that no trademark rights existed in Clamp's product configuration. Thus, three appellate judges saw the case differently from the trial judge.

In such an uncertain environment, rational businessmen will be faced with

enormous risks when they seek to exploit shapes and designs of expired patents. These risks will undoubtedly deter many of these businessmen from using subject matter that should be accessible as part of the public domain. Unwarranted, unsuspected, and unending patent-like monopolies will abound.

To allow the subject of an expired patent to achieve trademark status without fair warning to the public, as the lower courts did here, will thus discourage the imitation of the shapes and designs of expired patents. A competitor will never be able to know when it can safely copy, and competition, as well as the free flow of ideas, will be severely hindered. In addition, in a case like this one, the trademark owner can obtain broader trademark rights and enforcement with an unregistered product configuration mark

than it would have if it had sought a federal trademark registration.

It is essential, therefore, to require one who claims trademark rights in a product configuration either to secure a federal registration for what is claimed to be the trademark or to show by clear and convincing evidence that the public has been given fair warning of the protected status of the product or design at issue. This was not done here.

This Court should hear this case to decide this important issue of public policy.

II. THIS COURT SHOULD RESOLVE THE SPLIT AMONG THE CIRCUITS ON THE QUESTION OF WHETHER LIKELIHOOD OF CONFUSION IS REVIEWABLE ON APPEAL UNDER THE DE NOVO OR THE "CLEARLY ERRONEOUS" STANDARD.

The federal courts are in hopeless disagreement on whether likelihood of confusion is a question of fact or law for purposes of appeal. The First, Fourth, Fifth, Seventh, Tenth and Eleventh Circuits regard it as a pure question of fact, reviewable on appeal only under the "clearly erroneous" standard. The Federal, Second, Third, Sixth and Eighth Circuits take a different view. Some treat it as a pure issue of law, reviewable de novo. Others employ a two-tier test under which certain "foundational facts" are subject to the "clearly erroneous standard" and form the basis for the ultimate conclusion of law, which is reviewable de novo. In the Ninth Circuit, from which this case arises, the

standard of review has flip-flopped several times. See Altman, 3A *Callmann, Unfair Competition, Trademarks and Monopolies*, §20.64, pp. 561-62 (4th Ed. 1983) (1988 revision).

Mr. Justice White has twice written opinions dissenting from denials of certiorari on this issue, citing the existence of the above-mentioned conflict between the circuits on this question, and urging this Court to resolve it. See *Elby's Big Boy of Steubenville, Inc. v. Frish's Restaurants, Inc.*, 459 U.S. 916, 103 S. Ct. 231 (1982); *Euroquilt, Inc. v. Scandia Down Corp.*, 475 U.S. 1147, 106 S. Ct. 1801 (1986).

The question of likelihood of confusion is the single most pivotal issue in the entire area of trade identity law. It governs the question of whether or not there is infringement in every trademark,

trade name and trade dress infringement and product simulation case. The present uncertainty as to whether the issue is one of law or fact is therefore a matter of broad public concern.

The likelihood of confusion test is embedded in the words of the Lanham Act: "... likely to cause confusion, or to cause mistake, or to deceive...." 15 U.S.C. §1114. Such a statutory standard should not be left to the interpretation of the trier of fact. Moreover, the standard of appellate review of a federal statute should not differ from circuit to circuit. The only way to end the uncertainty is for this Court to rule.

The most serious consequence of this uncertainty falls upon those who are trying to exercise their right under the patent laws to copy the functional features of a successful competitive product which is

either unpatented or is the subject of an expired or invalid patent. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 84 S. Ct. 784 (1964); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 84 S. Ct. 779 (1964); *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, _____ U.S. _____, 109 S. Ct. 971 (1989).

In a product simulation case such as this one, the result of applying the "clearly erroneous" standard of appellate review is to create a perpetual product monopoly. Enco copied a product *exactly* as depicted in an expired utility patent. It made a judgment that the copied appearance was dictated by functional considerations, and that the public, recognizing the functionality of that product configuration, would neither attribute source-significance to it nor be confused by it.

One fallible human being, the district court in this case, disagreed with that judgment, and accordingly forbade the defendant to make that product in perpetuity. *Three* appellate judges suggested that, if the matter were up to them, they probably would not have so ruled. But because of the deference which they believed that they were required to give to the district court's determination of likelihood of confusion, they felt compelled to go against their own better judgment and affirm the perpetual monopoly granted by the trial court.

The importance of the likelihood-of-confusion issue, in relation to Enco's right to compete, is underscored by the district court's injunction in this case, which used likelihood of confusion with Clamp's product as the measure of what it

enjoined Enco from manufacturing. Thus, Enco was enjoined from "promoting, advertising, selling or offering for sale any cantilevered 'C' clamps using or embodying a design configuration which is identical or confusingly similar to the shape, size, appearance, or spectrum of sizes of [Clamp's] cantilevered 'C' clamps ..." (App. 29).

The principle that appellate courts should not duplicate the fact-finding efforts of trial courts, *Anderson v. City of Bessemer City, N.C.*, 470 U.S. 564, 574, 105 S. Ct. 1504, 1512 (1985), is a salutary one as applied to the *factual building-blocks* of the plaintiff's *prima facie* case and the defendant's affirmative defenses. But it is a serious encroachment on the parties' right to an appeal when the *ultimate issue* of likelihood of confusion is insulated from review.

Since, as this case demonstrates, a decision on that issue can create a perpetual quasi-patent, it is a matter of too much public importance to impair the integrity of the competitive process without any appellate checks and balances, save for cases in which the findings are clearly erroneous.

Even in a case involving a word trademark, such as Clamp's mark KANT-TWIST in this case, the use of the "clearly erroneous" standard of appellate review has unacceptable consequences from the standpoint of freedom of competition.

A principal advantage of the clamp in issue is that it does not twist. Thus, the trial court's injunction preventing Enco from using the words "no twist" stops Enco from employing the most effective method of telling customers what it is trying to

sell. This can have a chilling effect on Enco's ability to compete effectively.

Thus, as to both the word trademark and the product configuration aspects of this case, the standard of appellate review used by the Court of Appeals in this case cuts against the most deep-seated principles of free competition. It follows that likelihood of confusion, the ultimate issue in every type of trade identity confusion case, should be treated as an issue of law, and not as a fact-finding immune from scrutiny whenever the trial court in such a case makes an erroneous, but not *clearly* erroneous, determination.

III. RULE 52(a), FED. R. CIV. P., REQUIRES A COURT OF APPEALS TO REMAND A TRIAL COURT'S DECISION WHERE IT FAILS TO MAKE EXPRESS FINDINGS AND CONCLUSIONS ON AN AFFIRMATIVE DEFENSE, OR EVEN TO MENTION THE DEFENSE.

The affirmative defense of laches was critical to this case. Since laches is an equitable defense which bars at least an award of damages in trademark infringement suits, *McLean v. Fleming*, 96 U.S. 245 (1878), a decision in Enco's favor could make a \$1 million difference (including interest) in the monetary relief awarded.

The district court made no express findings or conclusions on Enco's laches defense (App. 13). Indeed, the district court did not even mention laches in its decision, although it was set forth in the Pre-Trial Conference Order and was the subject of an undecided motion in limine filed by Clamp. Moreover, the trial court never mentioned any exercise of discretion

or verbalized any reasons for exercising such discretion or otherwise disposing of the laches issue.

The Court of Appeals stated that "the findings and conclusions should have addressed more directly this potentially valid defense" (App. 12), but refused to remand for such findings and conclusions. Instead, the appellate court conducted its own evaluation of the laches evidence, weighed the relevant factors, and concluded that the district court's "implicit conclusion that laches should not apply was not an abuse of discretion" (App. 6).

By applying findings of fact which the district court never connected in any way to the laches defense, the Court of Appeals usurped the district court's function and violated Rule 52(a), which charges a district court with responsibility for finding facts:

In all actions tried upon the facts without a jury . . . , the court shall find the facts specially and state separately its conclusions of law thereon,

This Court has stated that "[t]he reviewing court oversteps the bounds of its duty under Rule 52(a) if it undertakes to duplicate the role of the lower court." *Anderson v. City of Bessemer City, North Carolina*, 470 U.S. at 573, 105 S. Ct. at 1511. *Anderson* also noted, in connection with the "clearly erroneous" standard of appellate review, that "appellate courts must constantly have in mind that their function is not to decide factual issues *de novo*." 470 U.S. at 573, 105 S. Ct. at 1511, quoting *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 395 U.S. 100, 123, 89 S. Ct. 1562, 1576 (1969).

Furthermore, in *Icicle Seafoods, Inc. v. Worthington*, 475 U.S. 709, 106 S. Ct. 1527

(1986), this Court criticized an appellate court's independent review of the record and fact-finding, stating that:

If the Court of Appeals believed that the District Court had failed to make findings of fact essential to a proper resolution of the legal question, it should have remanded to the District Court to make those findings....But it should not simply have made factual findings on its own.

106 S. Ct. at 1530. See also, *Kelley v. Everglades Drainage District*, 319 U.S. 415, 421-22, 63 S. Ct. 1141 (1943), where this Court stated that "it is not the function of this Court to search the record and analyze the evidence in order to supply findings which the trial court failed to make."

Contrary to the above-cited admonitions of this Court, the Court of Appeals shored up the district court's failure to mention the laches defense with fact-findings which the district court did not apply to the laches issue. Rule 52(a) does not permit

this. It requires not simply fungible fact-findings which can be plugged into one issue or another indiscriminately, but fact-findings which the district court specifically directed to the issue at hand.

In addition to applying the district court's fact-findings ad hoc to the laches issue, the Court of Appeals conducted a *de novo* weighing of the facts, concluding that "the district court's findings . . . weigh against a determination of laches." (App. 6). As *Anderson* teaches, the weighing of evidence is a function of the trial court, not the appellate court.

Even if the trial court had made findings of fact on the issue of laches and had assigned to them whatever weight it considered appropriate, its judgment on this issue would have been fatally defective. In addition to requiring fact findings,

Rule 52(a) also provides that "the court shall ... state separately its conclusions of law...." Yet here the district court's opinion failed entirely to enunciate any conclusions of law regarding laches. In the absence of such conclusions, the appellate court could not possibly have had any basis for an intelligent review of the correctness of the result.

For example, the Court of Appeals treated the laches defense as if the district court found the defense to be unsupported by the facts. But it is possible that the district court actually rejected the defense on a legal theory, advanced by Clamp, that equitable defenses are inapplicable to incontestible trademarks as a matter of law. If this was the basis of the district court's rejection of the defense, it was reviewable *de novo* and would

have been reversed at least as to the unregistered product configuration trademark, which was not incontestible.

The Court of Appeals further compounded the error in this case by applying the "abuse of discretion" standard of review to the laches decision which the trial court never made. But that standard of review only makes sense if the discretion in question has actually been exercised. Here, it was not. Not only did the district court fail to make express findings of fact and conclusions of law on the laches defense, it failed even to mention the issue in its opinion.

By treating the district court's omission as though it were an affirmative exercise of discretion, and then giving it the highest degree of deference permitted by our appellate procedure, the Ninth Circuit abrogated its responsibility as an appel-

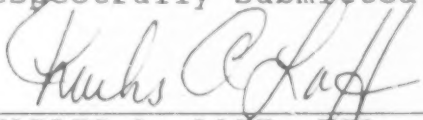
late court. It engaged in a charade of appellate review by applying the "abuse of discretion" standard to its own conclusion, instead of remanding for proper findings of fact and conclusions of law and for the exercise of actual discretion on the issue of laches.

This Court should make clear that Rule 52(a) does not permit the practice of the appellate court here.

CONCLUSION

For the foregoing reasons, the writ of certiorari should issue.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Charles A. Laff", is written over a horizontal line.

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ENCO MANUFACTURING CO., INC.

APPENDIX



App. 1

APPENDIX A

CLAMP MANUFACTURING COMPANY, INC.,
Plaintiff-Appellee,

v.

ENCO MANUFACTURING COMPANY, INC.,
COLEX, INC.,
Defendants-Appellants.

No. 88-5559

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

February 8, 1989, Argued and Submitted
March 14, 1989, Filed

APPEAL-STATEMENT:

Appeal from the United States District Court for the Central District of California, Consuelo B. Marshall, District Judge, Presiding, D.C. No. CV-82-4352-CBM

COUNSEL:

Seymour Rothstein, Charles C. Kinne, Alligretti and Witcoff, Ltd., Chicago, Illinois, for Enco Manufacturing Co. and Colex, Inc., the defendants-appellants.

Allan Gabriel, Ronald M. St. Marie, Ervin, Cohen & Jessup, Beverly Hills, California, for Clamp Manufacturing Co., the plaintiff-appellee.

OPINION BY: FARRIS

OPINION:

Before: Jerome Farris, Warren J. Ferguson and Robert R. Beezer, Circuit Judges.

FARRIS, Circuit Judge:

Enco Manufacturing Co. appeals from the district court's judgment against it in favor of Clamp Manufacturing Co. Clamp sued Enco for trademark infringement of its clamps. Following a bench trial, the district court granted injunctive relief and damages to Clamp. We affirm.

BACKGROUND

Clamp, a California corporation principally located in Los Angeles, manufactures and distributes clamps. Clamp and its predecessor, Saxton Manufacturing Co., have manufactured and distributed cantilevered "C" clamps in various sizes and styles since the early 1950's. A patent for the clamp, more precisely described as a "single screw actuated pivoted clamp," was issued in 1955 and expired in 1972.¹ In January 1974, Clamp obtained a trademark registration, valid for twenty years, for the term "KANT-TWIST." No. 977,118, Principal Register, U.S. Patent Office (noting 1954 as date of first use of clamp).

Enco, an Illinois corporation principally located in Chicago, manufactures and distributes machine tools, parts, and accessories. Colex, Inc., the additional defendant-appellant, was a California corporation principally located in

¹ The district court found that the patent expired in December 1975. Enco asserted that the patent expired in 1972. That statement is supported by testimony from the head of Clamp, Philip Saurenman. Patents have a term of 17 years beginning the day after the patent is issued. 35 U.S.C. §154; *Ballard & Ballard Co. v. Borden Co.*, 107 F. Supp. 41, 48 (W.D. Ky. 1952). The patent, no. 2,726,694 was issued to John Saxton on December 13, 1955, and therefore expired on December 13, 1972.

Los Angeles and the wholly-owned West Coast subsidiary of Enco. Colex was merged into Enco following trial.

In 1976 or early 1977, Enco began purchasing and distributing a line of cantilevered "C" clamps manufactured in Korea. The clamps were virtually identical to the Kant-twist claims manufactured by Clamp and were designated as "Enco No-TWIST clamps" in the Enco sales catalog.

In November 1977, Clamp wrote Enco demanding that Enco cease selling its No-twist clamps, because Enco's clamps were confusingly similar to Clamp's Kant-twist clamps. Enco refused, stating that the Clamp patent had expired and the "no-twist" term was used descriptively. In December 1977, Clamp again asked Enco to cease marketing its No-twist clamps; Enco did not respond.

Following the exchange of correspondence, Clamp took several actions in response to Enco's efforts. In May 1978, Clamp filed a complaint with the Federal Trade Commission, alleging the palming off of confusingly similar copies of its clamps by several wholesale distributors, including Enco. Clamp attempted to persuade its customers, through advertising and direct contacts, that its products were superior to those of Enco, and made changes to the appearance of some parts of its clamps. Clamp also sought incontestable status for its Kant-twist mark, including filing a required affidavit with the U.S. Patent Office stating that no litigation concerning its mark was pending. See 15 U.S.C. §1065(2). Subject to certain exceptions, incontestable status provides the mark with a conclusive presumption of validity and prevents a defense to infringement on the grounds that the mark is merely descriptive. See *Park 'N Fly v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 193-97, 205 (1985); 2 McCarthy, Trademarks and Unfair Competition §32.44 (1984 and 1988 supp.).

In August 1982, after the FTC decided to take no action on Clamp's complaint, Clamp filed suit against Enco, Colex, and seven other machine tool supply companies, alleging infringement of its registered Kant-twist trademark, in violation of 15 U.S.C. §1114(1) (§32(1) of the Lan-

ham Act); infringement of its configuration trademark, false designation of origin, false description, and false representation, in violation of 15 U.S.C. §1125(a) (§43(a) of the Lanham Act); and unfair competition and infringement of trademark rights under California law. The claims against the seven other defendants were withdrawn prior to the trial in October 1986. On August 10, 1987, Findings of Fact and Conclusions of Law were entered in favor of Clamp. *Clamp Mfg. Co. v. Enco Mfg. Co.*, 5 U.S.P.Q. 2d 1643 (C.D. Cal. 1987). On November 24, 1987, the trial court awarded Clamp \$ 578,689 plus prejudgment interest of \$ 378,077 and issued a permanent injunction prohibiting Enco from using the No-twist name and from promoting or selling confusingly similar cantilevered "C" clamps. *Id.* at 1649.

STANDARD OF REVIEW

The district court's decision denying laches is reviewed for abuse of discretion. *Russell v. Price*, 612 F.2d 1123, 1125 (9th Cir. 1979), *cert. denied*, 446 U.S. 952 (1980). Issues concerning the correct test to be used in evaluating trademark infringement are reviewed de novo. *Lindy Pen Co. v. Bic Pen Corp.*, 796 F.2d 254, 255 (9th Cir. 1986). Mixed questions of fact and law that are largely fact-driven are reviewed under the clearly erroneous standard. *United States v. McConney*, 728 F.2d 1195, 1203-04 (9th Cir.) (en banc), *cert. denied* 469 U.S. 824 (1984). The district court's findings of fact are reviewed under the clearly erroneous standard. Fed. R. Civ. P. 52(a). The clearly erroneous standard also applies to the district court's findings on the elements of infringement: nonfunctionality, secondary meaning, and likelihood of confusion. See *Fuddruckers, Inc. v. Doc's B.R. Others, Inc.*, 826 F.2d 837, 843 (9th Cir. 1987) (functionality); *Levi Strauss & Co. v. Blue Bell, Inc.*, 778 F.2d 1352, 1355-56, 1358 (9th Cir. 1985) (en banc) (likelihood of confusion, secondary meaning). The clearly erroneous standard means that the reviewing court will not disturb the district court's decision unless after reviewing all of the evidence the reviewing court "is left with the definite and firm conviction that a mistake has

been committed." *United States v. Gypsum Co.*, 333 U.S. 364, 395 (1948).

DISCUSSION

A. Laches

Enco argues that laches bars Clamp's recovery of monetary damages; Enco does not argue that laches also bars the injunctive relief granted by the district court. We recognize estoppel by laches as a valid defense to an infringement action on behalf of an incontestable trademark. *Pryodyne Corp. v. Pyrotronics Corp.*, 847 F.2d 1398, 1402 (9th Cir.), *cert. denied*, 109 S.Ct. 497 (1988); *E-Systems, Inc. v. Monitek, Inc.*, 720 F.2d 604, 607 (9th Cir. 1983) (laches may bar injunctive relief). A successful assertion of the defense requires Enco to show an unreasonable delay by Clamp in filing suit, with resulting prejudice to Enco. See *Whittaker Corp. v. Execuair Corp.*, 736 F.2d 1341, 1347 (9th Cir. 1984); *E-Systems*, 720 F.2d at 607; 2 McCarthy at §31.2. More specifically, a variety of factors are weighed: the strength and value of Clamp's trademark rights; Clamp's diligence in enforcing its mark; the harm to Clamp if relief is denied; whether Enco acted in good faith ignorance of Clamp's rights; competition between Clamp and Enco; and the harm suffered by Enco because of Clamp's delay. See *E-Systems*, 720 F.2d at 607.

The district court made no express findings or conclusions on Enco's laches defense. This court may assume that the district court's failure to discuss the laches defense is equivalent to a refusal, because there is no doubt that (1) the district court rejected the defense, and (2) a full understanding of the issue may be obtained from the district court's findings, which did address the relevant factors. See *Vance v. American Hawaii Cruise, Inc.*, 789 F.2d 790, 792 (9th Cir. 1986). The district court found that (1) Clamp's trademark rights were strong, (2) Clamp acted promptly in writing to Enco, filing its FTC complaint, and filing suit after the FTC completed its investigation, (3)

Clamp was damaged substantially by Enco's actions, (4) Enco was aware of Clamp's rights, and (5) Clamp and Enco were in direct competition. *Clamp Mfg.*, 5 U.S.P.Q.2d at 1645-46 (Findings of Fact 16-22, 25). The district court made no express finding concerning the harm suffered by Enco as a result of Clamp's delay. In finding that Enco was aware of Clamp's continuing objections and that No-twist clamp sales were less than .7% of its total sales, the district court implicitly determined that Enco suffered no harm. See *id.* (FOF 14, 23).

Enco argues that injury to it should be presumed if the waiting period exceeds that of the analogous statute of limitations period. Other circuits have applied such a presumption to reject a defense of laches when the delay period is less than the analogous statute of limitations. See *Ambrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1546 (11th Cir. 1986), *cert. denied*, 481 U.S. 1041 (1987); *Tandy Corp. v. Malone & Hyde, Inc.*, 769 F.2d 362, 365-66 (6th Cir. 1985), *cert. denied*, 476 U.S. 1158 (1986).—This circuit has applied such a presumption only in patent cases, where the analogous statute of limitations, 35 U.S.C. §286, runs for six years and explicitly limits the recovery period of damages for patent infringement. See, e.g., *Whitman v. Walt Disney Productions, Inc.*, 263 F.2d 229, 231-32 (9th Cir. 1958). Even if we assume the district court was clearly erroneous in not presuming that Enco suffered harm as a result of Clamp's delay, the district court's findings on the other factors weigh against a determination of laches.² The district court's implicit conclusion that laches should not apply was not an abuse of discretion.

B. Validity of the Clamp Configuration Trademark

The physical details and design of a product may be protected under the trademark laws only if they are nonfunc-

² Because application of the presumption of injury would not matter to the result here, we do not decide whether injury should be presumed if the delay in filing a trademark infringement suit exceeds the period of the analogous statute of limitations.

tional and have acquired a secondary meaning. *Vuitton Et Fils S.A. v. J. Young Enterprises*, 644 F.2d 769, 772 (9th Cir. 1981). The burden of proving nonfunctionality is on Clamp. See *Rachel v. Banana Republic, Inc.*, 831 F.2d 1503, 1506 (9th Cir. 1987). Evidence of deliberate copying, present in this case, supports a determination of secondary meaning but does not in itself shift the burden of proving secondary meaning from Clamp to Enco. See *Fuddruckers*, 826 F.2d at 844.

1. Functionality

The requirement of nonfunctionality is based "on the theory that there exists a fundamental right to compete through imitation of a competitor's product, which right can only be *temporarily* denied by the patent or copyright laws." *In re Morton-Norwich Products, Inc.*, 671 F.2d 1332, 1336 (C.C.P.A. 1982) (emphasis in original). If the utilitarian aspects of the product are its essence, only patent law protects its configuration from use by competitors. See *Morton-Norwich*, 671 F.2d at 1338-40; cf. *Vuitton*, 644 F.2d at 776-77. See generally Annotation, Application of Functionality Doctrine Under §43(a) of Lanham Act, 78 A.L.R. Fed. 712, 736-49 (1986). "Functional features of a product are features 'which constitute the actual benefit that the consumer wishes to purchase, as distinguished from an assurance that a particular entity made, sponsored, or endorsed a product.' " *Vuitton*, 644 F.2d at 774 (quoting *Int'l Order of Jobs Daughters v. Lindeburg & Co.*, 633 F.2d 912, 917 (9th Cir. 1980), *cert. denied*, 452 U.S. 941 (1981)). For an overall product configuration to be recognized as a trademark, the entire design must be nonfunctional. *Textron, Inc. v. U.S. Int'l Trade Comm'n*, 753 F.2d 1019, 1025 (Fed. Cir. 1985). "[T]he right to copy better working designs would, in due course, be stripped of all meaning if overall functional designs were accorded trademark protection because they included a few arbitrary and nonfunctional features." *Id.* To assist in analyzing functionality, several factors may be examined: the existence of an expired utility patent disclosing the utili-

tarian advantage of the design sought to be protected as a trademark; the extent of advertising touting the utilitarian advantages of the design; the availability of alternative designs; and whether a particular design results from a comparatively simple or cheap method of manufacture. *Morton-Norwich*, 671 F.2d at 1340-41.

The district court found that Kant-twist clamps were distinctive, primarily nonfunctional, and arbitrary, and that commercially feasible alternative configurations exist. Clamp presented evidence of alternative designs and of the arbitrary nature of the clamp arm's shape, including the fact that Clamp made minor design variations in response to the competition from Enco. It also introduced expert testimony concerning a hypothetical design, and evidence of the existence of a non-identical German-made clamp. We therefore cannot find that the district court findings are clearly erroneous, even though another fact-finder could have reached the opposite conclusion.

We recognize that considerable support exists for a determination of nonfunctionality. Two of the factors cited in *Morton-Norwich* weigh strongly in Enco's favor. An expired utility patent exists and Clamp's advertising has heavily, if not exclusively, touted the utilitarian aspects of its product. The clamp is not designed in any arbitrary or distinctive manner, with the exception of minor variations in the shape of the clamp arms. Evidence shows that consumers purchased the product on the basis of its function. No evidence was presented that purchasers were aware of Clamp's design variations. Nor does the copying by Enco lessen the necessity for Clamp to prove its configuration nonfunctional. See *Vibrant Sales, Inc. v. New Body Boutique, Inc.*, 652 F.2d 299, 304 (2d Cir. 1981), cert. denied, 455 U.S. 909 (1982) (copying a waist reduction belt); *Fisher Stoves, Inc. v. All Nighter Stove Works, Inc.*, 626 F.2d 193, 195 (1st Cir. 1980) (copying of wood stove except for nameplate). But see *Service Ideas, Inc. v. Traex Corp.*, 846 F.2d 1118, 1123-24 (7th Cir. 1988) (copying of all functional elements of beverage server, including color); *Vaughn Mfg. Co. v. Brikan Int'l, Inc.*, 814

F.2d 346, 350 (7th Cir. 1987) (copying of picnic table design, including colors and shapes of components). Nonetheless, Clamp presented sufficient evidence to sustain the district court's findings under the clearly erroneous standard. Although the issue is close we are not left with a definite and firm conviction that a mistake has been committed.

2. Secondary Meaning

A product configuration has secondary meaning if the purchasing public associates that configuration with a particular source. See *Fuddruckers*, 826 F.2d at 843. The factors to be assessed in determining secondary meaning include: whether actual purchasers of cantilevered clamps associate the configuration with Clamp; the degree and manner of Clamp's advertising; the length and manner of Clamp's use of the configuration; and whether Clamp's use of the configuration has been exclusive. See *Transgo v. AJAC Transmission Parts Corp.*, 768 F.2d 1001, 1015 (9th Cir. 1985), *cert. denied* 474 U.S. 1059 (1986). The district court determined that Clamp satisfied these factors.

Evidence of use and advertising over a substantial period of time is enough to establish secondary meaning. See *First Brands v. Fred Meyer, Inc.*, 809 F.2d 1378, 1383 (9th Cir. 1987). See generally Annotation, Application of Secondary Meaning Test in Action for Trade Dress Infringement Under §43(a) of Lanham Act, 87 A.L.R. Fed. 15, §§25, 32; Annotation, Application of Secondary Meaning Test in Action for Trademark or Trademark Name Infringement Under §43(a) of Lanham Act, 86 A.L.R. Fed. 489, §§25, 31. But see Annotation, 87 A.L.R. Fed. at 75-76; Annotation, 86 A.L.R. Fed. at 554-55 (collecting cases holding secondary meaning not established where advertising was extensive but evidence as a whole did not show consumer association). The district court found that Clamp prominently featured the design configuration in its advertising and promotional efforts. This finding is supported by the record. Therefore the district court deter-

mination that secondary meaning was established is not clearly erroneous.

We recognize Enco's arguments for overturning the determination of secondary meaning. No evidence concerning the views of actual purchasers was presented. Cf. *Levi Strauss*, 778 F.2d at 1358 ("An expert survey of purchasers can provide the most persuasive evidence of secondary meaning."). Clamp failed to assert trademark rights in its configuration until this litigation was initiated. See *Textron*, 753 F.2d at 1027-28 (evidence of close copying entitled to little weight because trademark in design not asserted prior to litigation; circumstantial evidence of use of design in promotional materials unpersuasive; secondary meaning not shown). However, these arguments do not overcome the findings of the district court on use and advertising.

C. Infringement

1. Likelihood of Confusion

If Clamp is successful in establishing that its product configuration is entitled to trademark protection under 15 U.S.C. §1125(a) by proving nonfunctionality and secondary meaning, it must then prove that Enco's use of a similar configuration is likely to confuse consumers. See *Fuddruckers*, 826 F.2d at 837; 2 *McCarthy*, *supra* at 42-48. Determining whether confusion between related products is likely involves analysis of the following factors: strength of Clamp's mark; similarity of the marks; evidence of actual confusion; marketing channels used; type of goods and degree of care likely to be exercised by purchaser; and Enco's intent in selecting the marks. See *Levi Strauss*, 778 F.2d at 1359, n. 8; *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979). The district court determined that confusion was likely. Its determination is supported by substantial evidence satisfying the factors cited: the similarity of the products, the manner of sale through catalog and telephone orders, and Enco's intentional copying of the Clamp design and promotional materials. Al-

though Enco may be correct in disputing whether the "entrapment" efforts of Clamp constitute evidence of actual confusion, the district court's determination that confusion is likely is not clearly erroneous.

We apply a similar analysis to Clamp's claim under 15 U.S.C. §1114(a) that its registered mark was infringed by Enco's use of the term "no-twist." See *Beer Nuts, Inc. v. Clover Club Foods Co.*, 805 F.2d 920, 925 (10th Cir. 1986) ("beer nuts" infringed by "brew nuts"). Confusing similarity may exist if the two terms convey the same idea or meaning. *Id.*; 2 McCarthy, *supra*, at §23.8. Enco argues that the Kant-twist mark is not protected because it is merely descriptive and that the "entrapment" efforts of Clamp do not prove that consumers were confused. Because the Kant-twist mark is incontestable Enco may not defend against an infringement action on the basis that the mark is merely descriptive. *Park 'N Fly*, 469 U.S. at 205. As with the product configuration claim, even if the "entrapment" evidence is rejected as evidence of actual confusion, the weight of the other factors is in Clamp's favor. The district court's determination is not clearly erroneous.

2. Fair Use

Enco's fair use defense must satisfy one of the elements of 15 U.S.C. §1115(b) (§33 of the Lanham Act). Enco relies on §1115(b)(4), which allows the use of a term "which is descriptive of and used fairly and in good faith only to describe to users of the goods." The district court's finding that Enco used the term "no-twist" as a trademark is supported by substantial evidence. The district court was not clearly erroneous in rejecting the fair use defense.

3. Additional Claims

Clamp also asserted a claim under the false representation/unfair competition prong of 15 U.S.C. §1125(a). See 2 McCarthy, *supra*, at 344, 364-368 (two prongs of §43(a) of Lanham Act). The district court concluded that Enco

violated the false representation/unfair competition prong. Clamp has proved that confusion is likely. The fact that Enco labelled its clamps with its name does not outweigh Enco's conduct in copying the exact sizes of the Clamp product line and Clamp's promotional materials, given the broad protection provided by this portion of the statute. See *Smith v. Montoro*, 648 F.2d 602, 605-06 (9th Cir. 1981); *Tveter v. AB Turn-O-Matic*, 633 F.2d 831, 838-39 (9th Cir. 1980), *cert. denied*, 451 U.S. 911 (1981). The district court's determination of false representation is not clearly erroneous.

CONCLUSION

We uphold the district court's implied rejection of the laches defense as properly within its discretion, although the findings and conclusions should have addressed more directly this potentially valid defense. The district court's determinations that Clamp possesses a valid product configuration trademark and that Enco engaged in false representation are not clearly erroneous.

AFFIRMED.

APPENDIX B

CLAMP MFG. CO., INC.,
a California corporation,
Plaintiff,

v.

ENCO MFG. CO., INC., ET AL.,
Defendants.

No. CV 82-4352 (CBM)

UNITED STATES DISTRICT COURT
FOR THE
CENTRAL DISTRICT OF CALIFORNIA

1987 U.S. Dist. LEXIS 13427;
5 U.S.P.Q.2D (BNA) 1643

August 4, 1987, Decided;
August 10, 1987, Filed

OPINION BY: MARSHALL

OPINION:

FINDINGS OF FACT AND CONCLUSIONS
OF LAW

CONSUELO B. MARSHALL, JUDGE,
UNITED STATES DISTRICT COURT

This case came on regularly for trial before the Court, sitting without a jury. Allan Gabriel and Ronald M. St. Marie appeared as counsel for the plaintiff, and James M. Amend and Sheri J. Engelken appeared as counsel for the defendants. The Court, having heard the testimony and having examined the proofs offered by the respective parties and the cause having been submitted for decision and the Court being fully advised in the premises, makes its Findings of Fact and Conclusions of Law as follows.

FINDINGS OF FACT

1. Plaintiff Clamp Mfg. Co., Inc. is a California corporation having its principal place of business in Los Angeles, California. Plaintiff's predecessor in interest was Saxton Mfg. Co.

2. Plaintiff and its predecessor continuously, since 1955, have been and now are engaged in the business of manufacturing, selling, marketing, advertising and distributing clamps throughout the United States.

3. Continuously since 1952, Clamp and its predecessors-in-interest have manufactured and distributed cantilevered "C" clamps, a type of industrial hardware tool which is sold throughout the United States. Since the inception of the sale of these cantilevered "C" clamps, they have been designated, advertised, promoted and sold under the trademark "KANT-TWIST" The KANT-TWIST clamps were previously the subject of a United States letters patent, which expired on or about December 13, 1975.

4. Throughout its historical advertising and promotional materials, plaintiff had prominently featured the arbitrary and non-functional design configuration of its KANT-TWIST cantilevered "C" clamps, both in detailed photographs of artist's renderings and in stylized logos. Through such extensive advertising and word of mouth, this design configuration has thereby come to be associated in the public's mind with the products of plaintiff Clamp, including its KANT-TWIST line of cantilevered "C" clamps.

5. Plaintiff owns U.S. Trademark Registration No. 977,118, issued on January 2, 1974 for the designation of KANT-TWIST for clamps. Said registration acquired incontestable status on January 21, 1980, based on the filing of an affidavit with the United States Patent and Trademark Office.

6. Defendant Enco Manufacturing Co., Inc. ("Enco") is a manufacturer and distributor of machine tools, parts and accessories with offices located in Chicago, Illinois.

7. Enco promotes, distributes and sells its goods through seasonal catalogs, both directly to the purchasing public or through independent distributors through participatory sales programs which utilize such catalogs. Defendant Colex, Inc. is a California corporation located in Los Angeles, California and is the West Coast subsidiary of Enco Mfg. Co., Inc. Enco Mfg. Co., Inc. and Colex, Inc. will hereinafter collectively be referred to as the "Enco defendants."

8. Colex sells products distributed by Enco, including clamps, primarily to users of such products. Enco and Colex have common ownership.

9. In the latter part of 1976, Enco entered into negotiations with a representative of the Korean trading company Prime Line International regarding purchase and the importation of a line of cantilevered "C" clamps with the identical appearance, shape and spectrum of the line of plaintiff Clamp's KANT-TWIST cantilevered "C" clamps. Commencing in early 1977, Enco began importing these clamps under an exclusive United States distribution agreement, selling them throughout the United States under the trademark "No-TWIST."

10. Continuously since 1976, Enco has purchased, through Prime Line International, a line of clamps similar in nature, function, and use of plaintiff's KANT-TWIST clamps.

11. The Enco defendants have sold or otherwise distributed such clamps throughout the United States. These clamps are designated as "Enco No-TWIST clamps" in Enco's catalogs.

12. The Enco defendants have sold each NO-TWIST clamp that Enco has purchased, except for current inventory. Enco's purchases are accurately reflected and evidenced by Enco's purchase orders.

13. In late November 1977, plaintiff demanded of Enco that it cease importing such clamps and selling them under the NO-TWIST designation. Enco promptly rejected the demand in a letter to plaintiff dated December 5, 1977. A letter from plaintiff to Enco dated December 19, 1977, subsequently followed.

14. Enco defendants' sales of NO-TWIST clamps represent less than .7% of their total sales.

15. Plaintiff's sales of the KANT-TWIST clamps represent the majority of plaintiff's business and sales.

16. Since the inception of its distribution and sales of the NO-TWIST line of clamps, Enco has used advertising and other promotional materials which are virtually identical to advertising copy utilized by Clamp for the sale of its KANT-TWIST cantilevered "C" clamps. Specifically, the Enco defendants adopted Clamp's distinctive size chart, design configuration of cantilevered "C" clamps, and diagrams of the design configuration of Clamp's cantilevered "C" clamps. Furthermore, in some catalogs of Enco defendants' distributors, an actual photograph of plaintiff Clamp's KANT-TWIST clamp was used to advertise an Enco NO-TWIST clamp. A purchaser who was using only a catalog for purposes of ordering the clamps that were sold by Enco could not determine whether the NO-TWIST clamp was manufactured by a Korean company or whether it was manufactured by plaintiff Clamp Manufacturing Company. Moreover, the Enco defendants adopted the NO-TWIST trademark and used such name as a trademark throughout its advertising and on its invoices sent to customers.

17. Both the Clamp's KANT-TWIST clamps and the Enco defendants' NO-TWIST clamps are sold to the public through wholesalers' black and white catalogs, which contain a depiction of plaintiff Clamp's design configuration. The Enco defendants publish not only their own catalogs,

but also offer this service to their wholesalers by publishing catalogs with wholesalers' names and addresses and mailing them to customers of those distributors throughout the United States.

18. The great bulk of the orders from such purchasers for both plaintiff's and defendants' clamps are taken by telephone or made through the mail by purchasers reviewing such catalogs. Accordingly, the purchasing public generally is not afforded an opportunity to actually view or handle the No-TWIST clamp purchased prior to sale and shipment to the customer.

19. The Enco defendants appropriated the identical size line for cantilevered "C" clamps developed by Clamp. Thus, the arbitrary sizes and shapes of the clamps as developed by Clamp were duplicated by the Enco defendants, including a 1-inch clamp, a 3-inch clamp, a 4-1/2 inch clamp, a 6-inch clamp, a 6-inch deep bite clamp, a 9-inch clamp, a 10-inch clamp, and a 12-inch clamp. This copying of plaintiff's line of clamps has permitted the Enco defendants to confuse the public as to the source of their No-TWIST clamps, to trade off the goodwill of plaintiff, and to palm-off their clamps as those of plaintiff Clamp.

20. The design configuration (exterior shapes) of Clamp's KANT-TWIST line of cantilevered "C" clamps is distinctive, primarily non-functional and arbitrary. There exists commercially feasible alternative configurations for cantilevered "C" clamps which others, including Enco, could utilize to successfully compete with the KANT-TWIST line of clamps on the basis of utility without causing confusion in the marketplace or facilitating palming-off.

21. The introduction and subsequent sale of the Enco defendants' clamps in the marketplace has resulted in actual confusion. Thus, when the Enco defendants' clamps were initially introduced into the marketplace, Clamp received inquiries from distributors as to why Enco was able to purchase KANT-TWIST clamps and sell them at a price much cheaper than those afforded plaintiff's wholesalers. Certain distributors stated that Enco was now selling

KANT-TWIST clamps. Enco's No-TWIST clamps mistakenly have been returned to one of plaintiff Clamp's distributors because they proved to be defective. In addition, purchase orders sent to the Enco defendants reveal that orders for KANT-TWIST clamps from Enco defendants have been filled with No-TWIST clamps. Such palming-off was confirmed when plaintiff Clamp and others on behalf of Clamp ordered KANT-TWIST clamps from the Enco defendants and received No-TWIST clamps in their place by name and KANT-TWIST number.

22. Enco adopted its No-TWIST trademark and the design configuration for its No-TWIST clamps with full and complete knowledge of Clamp's KANT-TWIST clamp sales throughout the United States. The No-TWIST clamps were directly copied from plaintiff's KANT-TWIST clamps and intentionally promoted for sale by use of (a) design configurations identical in shape, size and appearance to Clamp's KANT-TWIST clamps, but inferior in strength and quality, (b) an identical spectrum of unusual sizes, (c) confusingly similar trademark, and (d) confusingly similar, if not identical, advertising in content and format.

23. In late 1977 and early 1978, Clamp first learned of Enco's unlawful conduct and demanded by letter that Enco cease its activities. Enco responded by stating it refused to do so. Clamp then again requested in writing that Enco cease its activities. When Enco failed to respond, Clamp initiated a proceeding before the Federal Trade Commission by filing a formal complaint in May 1978. The Federal Trade Commission conducted its investigation, with the continued assistance and encouragement by plaintiff Clamp, from approximately May 1978 through March 1982. At that time, the Federal Trade Commission's office in Los Angeles indicated that it would not take any formal action against the Enco defendants. Moreover, during this time, Enco was aware of Clamp's continuing objection to Enco's unlawful conduct and continued to sell the No-TWIST clamps at its own risk. Plaintiff Clamp's KANT-TWIST trademark was also of record with the United States Patent and Trademark Office, and

the Enco defendants failed to take any action in connection therewith.

24. Immediately after being so informed by the Federal Trade Commission, Clamp promptly retained counsel, and said counsel instituted the instant action in August 1982.

25. Because the false designation of origin, false descriptions and false representations—including misrepresentations of quality—being made in the marketplace by the Enco defendants and its distributors, Clamp has been compelled to undertake an extensive public relations and advertising campaign in efforts to educate the purchasing public as to the abuses and improper activities of the Enco defendants. Plaintiff Clamp did so in an attempt to minimize the harm to Clamp's business reputation and profits.

26. Clamp has been damaged by the reduction in its revenue and profits resulting from loss of sales and by unjust enrichment of the Enco defendants by virtue of profits accruing to the Enco defendants which would have accrued to Clamp but for Enco's activities.

27. There is no direct or material evidence of any costs or other deduction attributable to returns and allowances of NO-TWIST. In fact, defendants have admitted that there were few, if any, returns of Enco's NO-TWIST clamps.

29. The Enco defendants have continued their infringement and unfair competition after this action has been filed.

30. From the date of the commencement of the Enco defendants' infringing and unfair conduct, the Enco defendants have sold in excess of \$1,109,977.00 of infringing NO-TWIST cantilevered "C" clamps. This figure is an estimate because defendants have destroyed all invoices and other evidence of sales of NO-TWIST clamps for the years 1977 and 1978.

31. To the extent any Conclusions of Law are deemed to be Findings of Fact, they are hereby incorporated into these Findings of Fact.

CONCLUSIONS OF LAW

1. To prove that a product configuration trademark has been infringed in violation of Section 43(a) of the Lanham Act or, in this case, the common law, a claimant must establish three elements: (a) that the product configuration of the two competing products is confusingly similar; (b) that the appropriated features of the product configuration are primarily non-functional; and (c) that the product configuration has obtained secondary meaning. *Vuitton et Fils S.A. v. J. Young Enterprises, Inc.*, 644 F.2d 769, 772 (9th Cir. 1981). Thus, if the configuration of the clamps primarily is functional, then the clamps cannot be protected under trademark law.

2. Clamp has an incontestable registration for KANT-TWIST clamps (15 U.S.C. § 1065).

3. Once a trademark achieves incontestable status, it is presumed to have secondary meaning, and any action of an incontestable trademark to enjoin infringement may not be defended on the ground that the mark is merely descriptive. *Park 'N' Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189 (1985).

4. The exterior design configuration of a product can be protected under the provisions of §43(a) of the Lanham Act if the configuration is unique, distinctive and non-functional, and has acquired secondary meaning in the marketplace. *Truck Equipment Service Co. v. Fruehauf Corp.*, 536 F.2d 1210 (8th Cir.), cert. denied, 429 U.S. 861 (1976).

5. In considering whether there is a likelihood of confusion between the design configurations of plaintiff Clamp and the identical configurations adopted by the Enco defendants, this Court must consider several factors, including the similarity of appearance, the cost of goods in question, the marketing channels used, evidence of actual confusion and evidence of the intention of the defendant in selecting and using the infringing marks. *AMF, Inc., v. Sleekcraft Boats*, 599 F.2d 341, 354 (9th Cir. 1979).

6. The copying by the Enco defendants raises the presumption that the public is likely to be confused and once intent to cause confusion is established, the Court will presume that the infringer accomplished his purpose. *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149 (9th Cir.), *cert. denied*, 374 U.S. 830 (1963).

7. Actual evidence of confusion, as has been demonstrated herein, is the best evidence of likelihood of confusion and, while actual confusion is not required, very little proof of actual confusion will be necessary to prove likelihood of confusion. *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366, 383 (7th Cir.), *cert. denied*, 429 U.S. 830 (1976).

8. The overall appearance given by the Enco defendants' NO-TWIST clamps is so similar to plaintiff Clamp's KANT-TWIST clamps that an average consumer would confuse the Enco defendants' product for plaintiff's product. *Faberge, Inc. v. Saxony Products, Inc.*, 605 F.2d 426, 428 (9th Cir. 1979); *Audio Fidelity, Inc. v. High Fidelity Records, Inc.*, 283 F.2d 551, 557 (9th Cir. 1960).

9. The nearly thirty years of continuous use, advertising, promotion and sale of the design configuration of the line of KANT-TWIST cantilevered "C" clamps manufactured by Clamp and the extent of efforts made by Clamp in promoting the conscious connection, in the public's mind, between the design configuration and the KANT-TWIST cantilevered clamp demonstrates the requisite secondary meaning for production under section 43 of the Lanham Act. *Carter Wallace, Inc. v. Proctor & Gamble, Inc.*, 434 F.2d 794, 802 (9th Cir. 1970); *HMH Publishing Co., Inc. v. Brincat*, 504 F.2d 713, 718 (9th Cir. 1974); *Faberge, Inc. v. Saxon Products, Inc.*, 605 F.2d 426, 428 (9th Cir. 1979).

10. Both Clamp's KANT-TWIST clamps and Enco's NO-TWIST clamps compete in the telephone and mail order market, and they are virtually identical when encountered in that market.

11. The Enco defendants' wrongful activity in filling orders identified by plaintiff's catalogs' number and trademark with products not made by plaintiff constitutes false description and representation of goods, false advertising, and actionable unfair competition in violation of section 43(a) of the Lanham Act. *Smith v. Montor*, 648 F.2d 602, 604 (9th Cir. 1981).

12. The copying of plaintiff's distinctive clamp design, packaging trade dress and trademark, separately or in combination, creates a false designation of origin description in violation of section 43(a) of the Lanham Act. *Sutton Cosmetics (P.R.), Inc. v. Lander Co., Inc.*, 455 F.2d 285 (2d Cir. 1972).

13. There is no showing that the overall design of the KANT-TWIST cantilevered "C" clamps is so superior in function or economy of manufacture that recognition of that design as a trademark would hinder competition in the cantilevered "C" clamp trade. *In Re Teledyne Industries, Inc.*, 217 U.S.P.Q. 9, 11 (Fed. Cir. 1982). The mere possession of utility is not sufficient reason to deny protection of a design configuration. *In Re Browning*, 217 U.S.P.Q. 933, 935 (T.T.A.B. 1982).

14. "Since the effect upon competition is really the 'crux of the matter,' it is of course, significant that there are other alternatives available. . . ." *In Re Teledyne Industries, Inc.*, 217 U.S.P.Q. 9 (Fed. Cir. 1982).

15. Defendants failed to meet their burden of proof on the defense of functionality.

16. Even if the issue of functionality were part of plaintiff's affirmative case, plaintiff has met its burden of showing that the design of the clamp is non-functional.

17. There are commercially feasible alternative design configurations for such clamps that could effectively compete in the marketplace.

18. The proper measure of damages in this action is the Enco defendants' profits, as well as any damages which Clamp has sustained as the result of Enco's con-

duct. Damages in trademark infringement and unfair competition cases may also include an award to plaintiff to compensate it for actual business damages and losses caused by the wrong at issue. 15 U.S.C. §1117.

19. In assessing the Enco defendants' profits on sales of the infringing No-TWIST clamps, Clamp need only prove the Enco defendants' sales. The defendants must then prove all elements of costs or deductions claimed. 15 U.S.C. §1117(a); *Wolfe v. National Lead Co.*, 272 F.2d 867, 872 (9th Cir. 1959).

20. A defendant must show that the categories of overhead actually contributed to the sales of the infringing work. *Kamar International*, 752 F.2d at 1332.

21. The amount of infringing sales by the Enco defendants is small, constituting less than one percent, compared to their total sales. Accordingly, no deductions for fixed administrative and operating expenses are allowed. The proportionate share of the overhead is not deductible when sales of the infringing product constitute only a small percentage of the total sales.

22. The defendants in this action offered no evidence concerning how the alleged deductible costs, which were computed on an allocation basis, contributed to the sale of the infringing products.

23. In the absence of mitigating circumstances, income taxes are not proper deductions. *Wolfe v. National Lead Company*, 272 F.2d 867 (9th Cir. 1959).

24. In trademark cases, attorney's fees may be awarded under 15 U.S.C. §1117 only in "exceptional" cases—that is, where the infringement is characterized as malicious, fraudulent, deliberate or willful. *VIP Foods, Inc. v. Vulcan Pet., Inc.*, 675 F.2d 1106, 1107 (10th Cir. 1982); *Brand v. NCC Corp.*, 540 F. Supp. 562, 565 (E.D. Pa. 1982); *Invicta Plastics (USA), Ltd. v. Mego Corp.*, 523 F. Supp. 619, 625 (S.D.N.Y. 1981).

25. This case is not an "exceptional" case as would entitle Clamp to an award of attorney's fees (15 U.S.C. §1117).

26. Injunctive relief is proper for violations of section 43 of the Lanham Act. *Truck Equipment Service Co. v. Freuhauf Corp.*, 536 F.2d 1210 (8th Cir. 1976).

27. The style or design of an article is the proper subject matter for injunctive relief or proprietary rights. *Truck Equipment Service Co. v. Fruehauf Corp.*, 536 F.2d 1210 (8th Cir. 1976).

28. Plaintiff is entitled to recover against the defendants in the amount of \$1,109,977.00 plus pre-judgment interest and costs of suit.

29. To the extent any Findings of Fact are deemed to be Conclusions of Law, they are hereby incorporated into these Conclusions of Law.

DATED: AUGUST 4, 1987.

App. 25

APPENDIX C

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CLAMP MFG. CO.,)	
INC., a California	)	Case No.
corporation,)	
	)	CV 82-4352 (CBM)
Plaintiff,)	
	)	Order Granting
vs.	)	Motion To Correct
)	
ENCO MFG. CO.,	)	Findings of Fact
INC., et al.,	)	And Conclusions
	)	Of Law
Defendants.)	

November 24, 1987, Filed

Defendants' Motion to Correct Findings
of Fact and Conclusions of Law having been
heard before the Honorable Consuelo B.
Marshall on November 23, 1987, Allan

Garbiel of Ervin, Cohen & Jessup appearing for plaintiff and Seymour Rothstein of Allegretti, Newitt, Witcoff & McAndrews, Ltd. appearing for defendants, and the Court having considered the pleadings, papers and evidence presented at the trial of this action, the papers filed in connection with said motion, and having heard oral argument thereon, grants the motion in the following respects and therefore,

IT IS HEREBY ORDERED that Conclusion of Law No. 28 previously entered by this Court on August 4, 1987 and filed on August 10, 1987 shall be modified to state: "Plaintiff is entitled to recover against defendants in the amount of \$578,689.00 (said amount being the gross profit or gross margin amount of defendants as

stipulated between the parties, reflecting a reduction of the cost of the infringing clamps from the gross sales amount), plus pre-judgment interest and costs of suit."

Judge of the United States District
Court, Central District of California

APPENDIX D

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CLAMP MFG. CO., INC., a	)	Case No. CV 82-4352
California corporation,	)	(CBM)
)	
	)	Judgment And
Plaintiff,	)	Permanent Injunction
)	
vs.)	
)	
ENCO MFG. CO., INC.,)	
et al.,)	
)	
Defendants.)	

November 24, 1987, Filed;
November 27, 1987, Entered

This action came on for non-jury trial commencing October 7, 1986 and ending October 17, 1986 before the above-referenced Court, the Honorable Consuelo B. Marshall, District Judge, presiding; Allan Gabriel and Ronald M. St. Marie of Ervin, Cohen & Jessup representing plaintiff, and James M. Amend and Sheri J. Engelken of Kirkland & Ellis representing defendants; the issues having been fully tried, Findings of Fact and Conclusions of Law having been entered, and a decision having been duly rendered,

IT IS ORDERED, ADJUDGED AND DECREED that defendants Enco Mfg. Co., Inc. and Colex, Inc., jointly and severally, their respective officers, employees, agents, suc-

cessors, assigns, servants, and all persons in act of concert and participation with them or controlled by them shall be and are hereby permanently enjoined and restrained from (a) promoting, advertising, selling or offering for sale any cantilevered "C" clamps using or embodying a design configuration which is identical or confusingly similar to the shape, size, appearance, or spectrum of sizes of Clamp Mfg. Co., Inc.'s KANT-TWIST cantilevered "C" clamps; (b) using the No TWIST name, or any other name confusingly similar to Clamp Mfg. Co., Inc.'s "KANT-TWIST" trademark, in connection with the promotion, advertising, offer for sale or sale of any clamps; (c) using any advertising or other promotional material which is confusingly similar in content or format to that used by Clamp Mfg. Co., Inc. In addition, defendants Enco Mfg. Co., Inc. and Colex, Inc., jointly and severally, their respective officers, employees, agents, successors, assigns, servants, and all persons in act of concert and participation with them or controlled by them are hereby ordered to deliver up and destroy all No TWIST cantilevered "C" clamps in their possession or control and to destroy all labels, literature, brochures, advertising signs, prints, packages, wrapper, receptables and other written materials bearing a reproduction of a No TWIST cantilever "C" clamps or the designation No TWIST.

Defendants shall file with this Court and serve upon counsel for plaintiff Clamp Mfg. Co., Inc. within thirty (30) days after service of this JUDGMENT AND PERMANENT INJUNCTION, a report in writing, under oath, setting forth in detail the manner and form in which defendants have complied with this permanent injunction.

IT IS ALSO ORDERED, ADJUDGED AND DECREED that plaintiff Clamp Mfg. Co., Inc. recover from defendants Enco Mfg. Co., Inc. and Colex, Inc., jointly and severally, the sum of \$578,689.00, together with prejudgment interest in the amount of \$378,077.00.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that plaintiff Clamp Mfg. Co., Inc. shall recover against

defendants Enco Mfg. Co., Inc. and Colex, Inc., jointly and severally, its statutory costs in this action per local rule.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that interest shall accrue on the total amount set forth herein at the rate of 6.98% from November 23, 1987.

Dated at Los Angeles, California, on the 24 day of November, 1987.

/s/ CONSUELO B. MARSHALL
Judge of the United States
District Court, Central District
of California

APPENDIX E

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

CLAMP MANUFACTURING)	
COMPANY, INC.,	)	CA No. 88-5559
)	
Plaintiff-Appellee,	)	DC No.
	)	CV-82-4352-CBM
v.)	
	)	(Central District
ENCO MANUFACTURING	)	of California)
COMPANY, INC.,)	
COLEX, INC.,)	
	)	ORDER
Defendants-Appellants.)	

June 15, 1989, Filed

Before: FARRIS, FERGUSON, and BEEZER,
Circuit Judges.

The panel as constituted in the above case has voted to deny the petition for rehearing. Judges Farris and Beezer have voted to reject the suggestion for a rehearing en banc and Judge Ferguson recommends rejection.

The full court has been advised of the suggestion for an en banc hearing, and no judge of the court has requested a vote on it. Fed. R. App. P. 35(b).

The petition for rehearing is denied and the suggestion for a rehearing en banc is rejected.

APPENDIX F

STATUTORY PROVISIONS INVOLVED

The Lanham Act, 15 U.S.C. §§1111, 1114(1), and 1125(a), provide:

§1111. Notice of registration; display with mark; recovery of profits and damages in infringement suit

Notwithstanding the provisions of section 1072 of this title, a registrant of a mark registered in the Patent Office, may give notice that his mark is registered by displaying with the mark as used the words "Registered in U.S. Patent Office" or "Reg. U.S. Pat. Off." or the letter R enclosed within a circle, thus ®; and in any suit for infringement under this chapter by such a registrant failing to give such notice of registration, no profits and no damages shall be recovered under the provisions of this chapter unless the defendant had actual notice of the registration.

§1114. Remedies; infringement; innocent infringement by printers and publishers

(1) Any person who shall, without the consent of the registrant--

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or

advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) of this section, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

§1125. False designations of origin and false descriptions forbidden

(a) Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other

symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

The Patent Act, 35 U.S.C. §§112, 154, and 287 provide:

§112. Specification

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

A claim may be written in independent or, if the nature of the case admits, in dependent or multiple dependent form.

Subject to the following paragraph, a claim in dependent form shall contain a reference to a claim previously set forth and then specify a further limitation of the subject matter claimed. A claim in independent form shall be construed to incorporate by reference all the limitations of the claim to which it refers.

A claim in multiple dependent form shall contain a reference, in the alternative only, to more than one claim previously set forth and then specify a further limitation of the subject matter claimed. A multiple dependent claim shall not serve as a basis for any other multiple dependent claim. A multiple dependent claim shall be construed to incorporate by reference all the limitations of the particular claim in relation to which it is being considered.

An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.

§154. Contents and term of patent

Every patent shall contain a short title of the invention and a grant to the patentee, his heirs or assigns, for the term of seventeen years, subject to the payment of fees as provided for in this title, of the right to exclude others from making, using, or selling the invention throughout the United States, referring to the specification for the particulars thereof. A copy of the specification and drawings shall be annexed to the patent and be a part thereof.

§287. Limitation on damages; marking and notice

Patentees, and persons making or selling any patented article for or under them, may give notice to the public that the same is patented, either by fixing thereon the word "patent" or the abbreviation "pat.", together with the number of the patent, or when, from the character of the article, this can not be done, by fixing to it, or to the package wherein one or more of them is contained, a label containing a like notice. In the event of failure so to mark, no damages shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice. Filing of an action for infringement shall constitute such notice.

Rule 52(a) of the Federal Rules of Civil Procedure provides:

Rule 52. Findings by the Court

(a) Effect. In all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon, and judgment shall be entered pursuant to Rule 58; and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. Findings of fact, whether based on oral or documentary evidence, shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court. It will be sufficient if the findings of fact and conclusions of law are stated orally and recorded in open court following the close of the evidence or appear in an opinion or memorandum of decision filed by the court. Findings of fact and conclusions of law are unnecessary on decisions of motions under Rules 12 or 56 or any other motion except as provided in Rule 41(b).

APPENDIX G

United States Patent Office

2,726,694
Patented Dec. 13, 1955

2,726,694

SINGLE SCREW ACTUATED PIVOTED CLAMP

John N. Saxton, Baldwin Park, Calif.

Application February 4, 1952, Serial No. 269,755

2 Claims. (Cl. 144-302)

The present invention relates to clamps.

The average clamp usually has its operating members so related that the clamp is not easily positioned on work of different forms. The present clamp incorporates a thrust screw for operating a pair of jaws, the thrust screw at all times so moving the jaws as to avoid the work and not be impeded in its movement by the work. A small clamp of the present invention is capable of securing work between the jaws with a maximum compression and regardless of the position of the jaws.

An object of the invention is the provision of a clamp which is easily applied to work, of few parts, of great strength, foolproof in operation, and generally superior to clamps now known to the inventor.

In the drawings:

Fig. 1 is a side elevation of the clamp;

Fig. 2 is a view similar to Fig. 1, the jaws of the clamp being in moved position;

Fig. 3 is a top plan view of the clamp in the position shown in Fig. 2;

Fig. 4 is a fragmentary sectional view on the line 4-4 of Fig. 2;

Fig. 5 is a fragmentary sectional view on the line 5-5 of Fig. 4;

Fig. 6 is a fragmentary sectional view on the line 6-6 of Fig. 2; and

Fig. 7 is a perspective view on a jaw block.

Referring now with particularity to the drawing, I have provided a pair of members 1 and 2, of which 3 and 4 constitute arms and 5 and 6 jaws associated with the arms. Each member 1 and 2 is preferably formed of two spaced parts of identical form and maintained in substantial parallelism, as illustrated in Fig. 3 at 7, 8, 9 and 10. The pair of parts shown at 9 and 10 for the member 2 is secured by a pin 11 at its end between the parts 7 and 8 of the arm 3 and intermediate the ends of said arm 3. Preferably a spacer sleeve or bushing surrounds the pin 11 between the portions 9 and 10 at 12. As shown, the jaws 5 and 6 are substantially in right angular relationship to their respective arms 3 and 4 and an elongated thrust screw 13 is passed through a revoluble nut 14 pinned at 15 and 16 between the parts 7 and 8 of arm 3. The inner end of said thrust screw is provided with a coaxial reduced diameter extension 17, which extension is formed with an annular groove 18, with said extension received within bore 19 of a spacer block 20, pinned at 21 between the parts 9 and 10 of arm 4, and whereby said spacer block 20 may revolve between said parts. The spacer block is tapped to receive a screw or fitted pin 22 bearing against a ball in part received within groove 18 to hold the said reduced diameter extension 17 within said spacer block and for turning movement relative thereto. The outermost end of said thrust screw 13 carries a handle 23 of any form.

The bight portion of member 1 has its parts 7 and 8 separated by means of a sleeve or bushing held in place by a pin 24. Carried by the jaws 5 and 6 and interposed between the parts 9 and 10, and 7 and 8, respectively, are jaw blocks 25, 26. These blocks are parallelepipeds and the block 26 has one face provided with a transverse V-groove 27, while an opposite face is provided with a V-groove 28 in substantially right angular relationship to the

groove 27, the other faces being plane. The jaw blocks are swingingly mounted to their respective jaws by means of pins 29 and 30.

The operation, uses and advantages of the clamp just described are as follows:

One size clamp of the invention is substantially that shown in the drawing by Figures 1 and 2, and wherein it will be observed that the two jaws are capable of separation to an extent substantially equal to the length of the arm 3, or the jaws may be brought together as shown in Figure 2. The arm length between the pin points shown at 24 and 15 is approximately $4\frac{1}{2}$ inches, whereby this clamp is capable of engaging and holding work of considerable thickness. As the clamp is easily handled, due to its compact nature, it readily lends itself to securing work of different sizes and at places ordinarily difficult of access. It is to be observed that the thrust screw 13 at all times moves substantially parallel to the plane bisecting the space between the jaws and including the axis of the pivot pin 11. Thus, when the blocks are engaging work, the thrust screw is parallel to said faces, under the assumption that the work engaging faces of said blocks are parallel, and regardless of separation or approach of the jaws 5 and 6, as seen in Fig. 2. This method of moving the jaws assures that the thrust screw is at all times out of the way of the work engaged. Furthermore, the thrust screw by operating at the end of the arm 3 and at the bight portion between arm 4 and jaw 6 assures a proper leverage for moving the respective jaws into work engagement and under any desired compression. Hence, the jaws may tightly engage the work, whether the jaws are nearly closed or at the point of greatest separation.

I claim:

1. A clamp including a pair of opposed clamping members, each member including an arm portion and a jaw portion at a sharp right angle to said arm portion, the arm portion of one member being substantially twice the length of the arm portion of the other member, means pivotally connecting the terminal of the shorter arm portion at a point intermediate the length of the longer arm

portion, said longer arm portion terminating in spaced relation to the apex of the other right angular arm and jaw portion in a straight line parallel to the plane bisecting the space between the jaws and including the axis of the pivotal connection of the arms, a trunnion nut carried by said extremity, a single operating elongated thrust screw for the arms and jaws carried by the trunnion nut, and the inner end of said thrust screw having a swivel connection with the apex of the shorter arm and jaw and movable at all times in a straight line at a right angle to the movement of the jaws whereby said straight line movement imposes an equal pressure thrust upon each jaw due to the leverage obtained by the single screw.

2. The device set forth in claim 1 characterized in that: the arm and jaw of each member comprises two spaced parallel parts.

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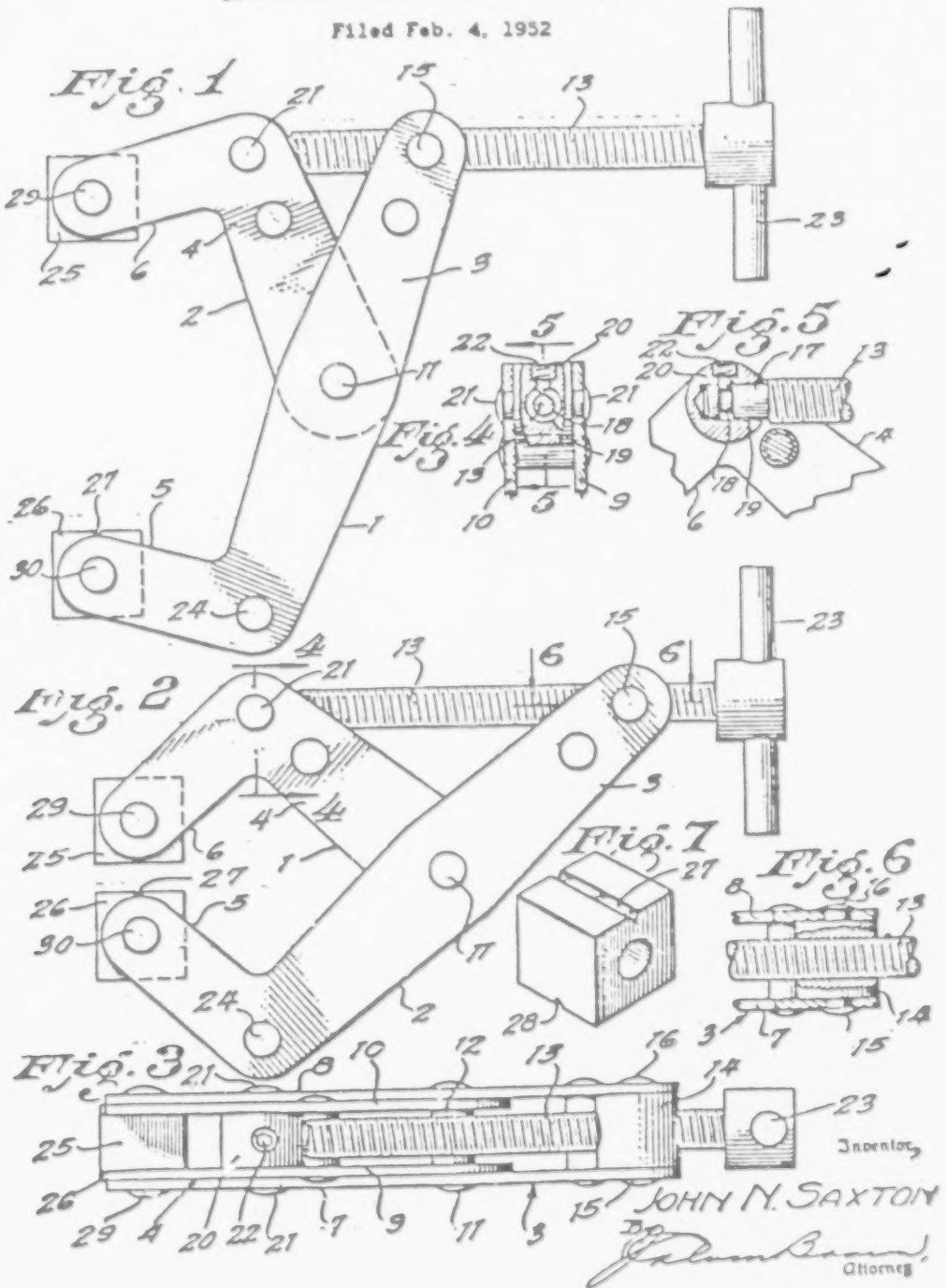
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710,544	Wandell -----	Oct. 7, 1902
970,568	Starrett -----	Sept. 20, 1910
1,321,208	Hinnershitz -----	Nov. 11, 1919
1,322,370	Strathern -----	Nov. 18, 1919
1,515,286	Svebilus -----	Nov. 11, 1924
2,374,899	Sasgen -----	May 1, 1945

2,726,694

SINGLE SCREW ACTUATED PIVOTED CLAMP

Filed Feb. 4, 1952



App. 43

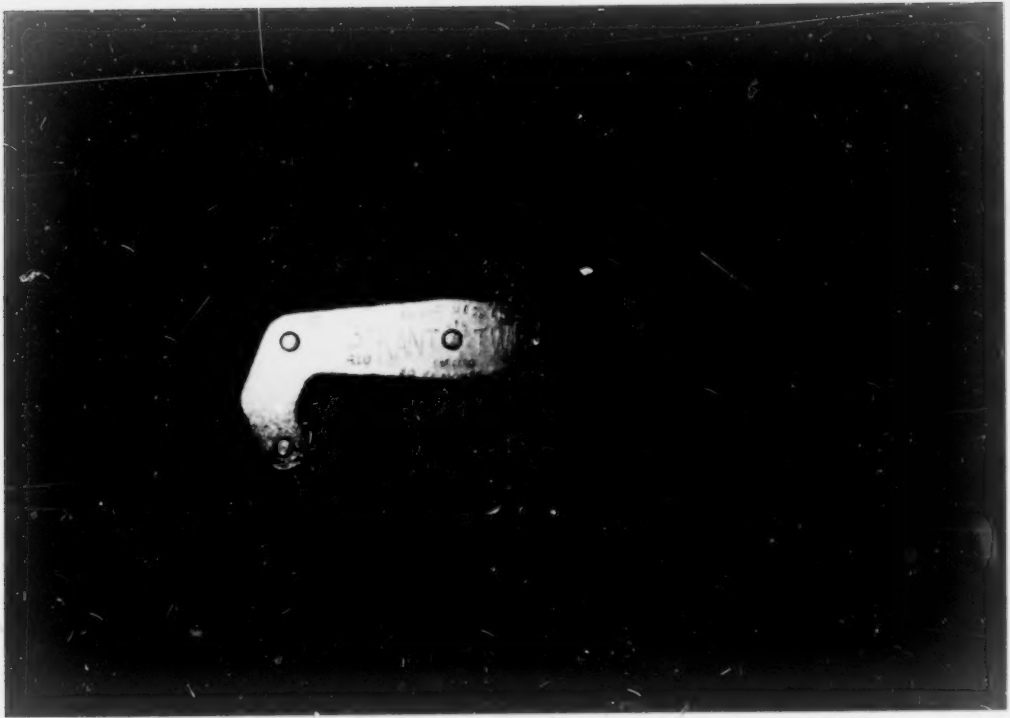
APPENDIX H



Enco's Clamp

App. 44

APPENDIX I



Clamp's Clamp

(2)

Supreme Court, U.S.

FILED

SEP 5 1989

JOSEPH F. SPANIOL, JR.
CLERK

No. 89-199

IN THE
Supreme Court of the United States

OCTOBER TERM, 1989

ENCO MANUFACTURING COMPANY, INC.,

Petitioner,

vs.

CLAMP MANUFACTURING COMPANY, INC.,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

**BRIEF IN OPPOSITION TO
PETITION FOR WRIT OF CERTIORARI**

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QUESTIONS PRESENTED FOR REVIEW

Respondent Clamp Manufacturing
Company, Inc.^{1/} ("Clamp") disagrees with
the first question for review as set
forth in the Petition for Writ of
Certiorari in the following respects.
Question 1 is inaccurate in that there
were no "state trademark protection"
issues addressed in the Findings of Fact
and Conclusions of Law of the District
Court, nor in the opinion of the Court of
Appeals for the Ninth Circuit. Further-
more, Question 1 misleadingly states that
the "product configuration has not been
registered, advertised, or promoted as a
trademark", ignoring the Findings of Fact
and Conclusions of Law of the District

^{1/} The following company is an
affiliate of respondent Clamp
Manufacturing Company, Inc.:
(1) Plus Manufacturing Company,
a California corporation.

Court, (F 4, CL 9)^{2/} concerning the thirty years of continuous advertising of the design configuration and the prominent featuring of the design configuration in the historical advertising of Clamp, (PA 14, 21), which findings were affirmed by the Court of Appeals for the Ninth Circuit (PA 9-10).

^{2/} The following abbreviations are used:

PA	:	Pages of the Appendix to Petition
RA	:	Pages of the Appendix to Brief in Opposition
F	:	Finding of Fact of the District Court
CL	:	Conclusion of Law of the District Court, as amended by the Court's Order of November 24, 1987
Tr.	:	Trial Transcript
TX	:	Trial Exhibit

TABLE OF CONTENTS

	<u>Page</u>
QUESTIONS PRESENTED.....	i
TABLE OF AUTHORITIES.....	v
STATEMENT OF THE CASE.....	1
REASONS FOR DENYING THE WRIT.....	4
I. Providing Protection Under The Federal Trademark Laws For Product Configurations, Where A Plaintiff Has Proved That Slavish Copying Is Not Required In Order To Effectively Compete, And Has Established Secondary Meaning And Likelihood Of Confusion, Does Not In Any Way Impede Legitimate Competition, Nor Interfere With The Patent Laws.....	4
II. The Ninth Circuit Standard Of Review On Likelihood Of Confusion, Under The Clearly Erroneous Standard, Is Consistent With This Court's Precedent And The Mandate Of Rule 52(a) Of The Federal Rules Of Civil Procedure.....	19

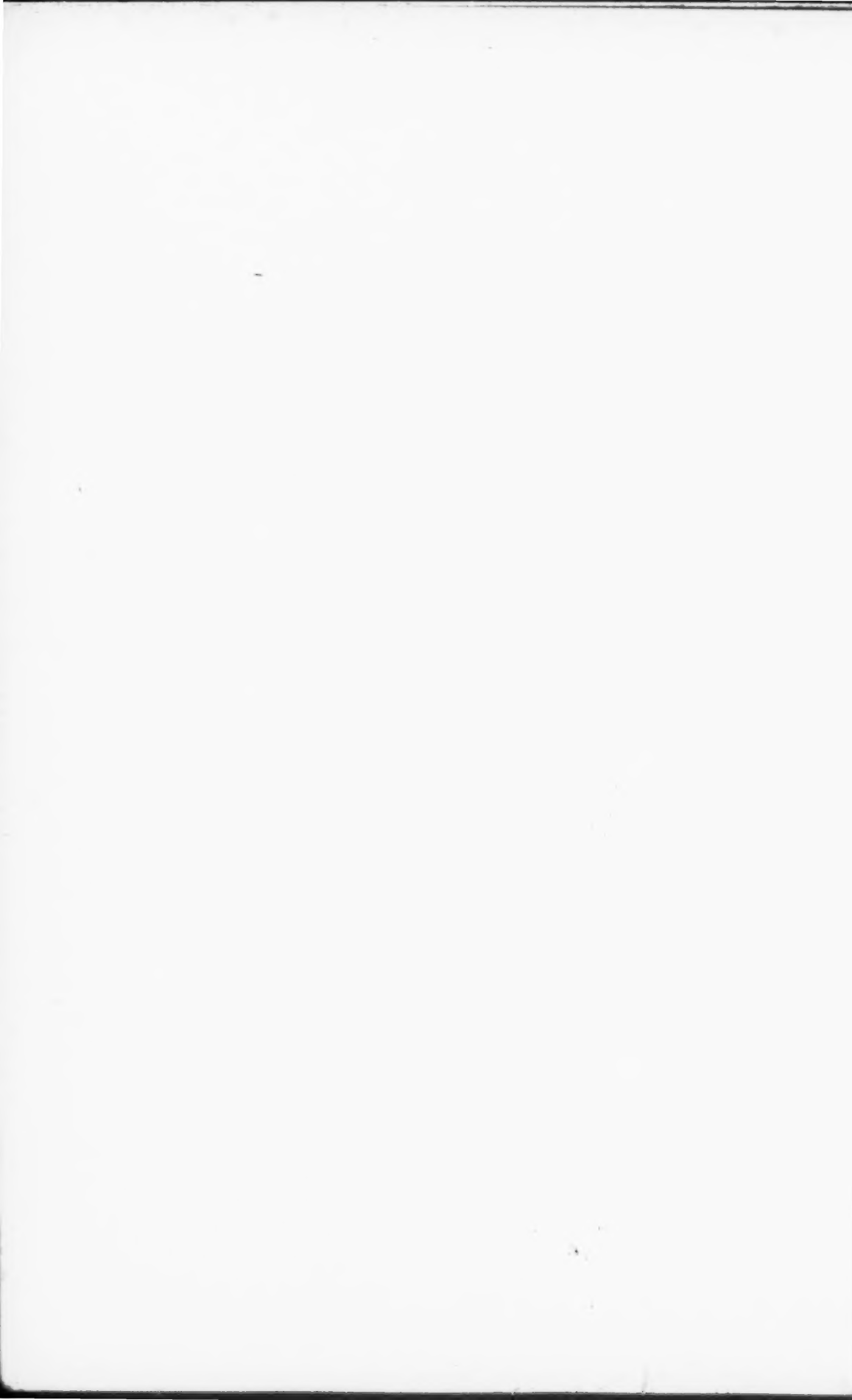
	<u>Page</u>
III. The Court of Appeals Properly Affirmed The District Court's Implied Rejection Of The Laches Defense Through A Full Understanding Ascertainable From The Findings Entered By the District Court.....	25
CONCLUSION.....	31
<u>APPENDIX</u>	
APPENDIX A: United States Patent No. 2,726,694.....	A-1
APPENDIX B: Photographs of Clamp's KANT-TWIST 6D Clamp and Enco's NO-TWIST 6D Clamp.....	B-1
APPENDIX C: Pre-Trial Conference Order filed June 9, 1986.....	C-1
APPENDIX D: Excerpt from Brief of Appellant, Enco Manufacturing Co., Inc. in the United States Court of Appeal for the Ninth Circuit (page 13).....	D-1

TABLE OF AUTHORITIES

<u>Cases</u>	<u>Page</u>
<u>Accuride International, Inc. v.</u> <u>Accuride Corp., 871 F.2d</u> <u>1531 (9th Cir. 1989).....</u>	24
<u>Ambrit, Inc. v. Kraft, Inc.,</u> <u>821 F.2d 1531 (11th Cir. 1986);</u> <u>cert. denied 481 U.S. 1041,</u> <u>107 S.Ct. 1983 (1987).....</u>	21
<u>Anderson v. City of Bessemer City,</u> <u>North Carolina</u> <u>470 U.S. 564, 105 S.Ct.</u> <u>1504 (1985).....</u>	20, 21, 23
<u>Best Lock Corp. v. Schlage</u> <u>Lock Co.,</u> <u>413 F.2d 1195, 56 C.C.P.A.</u> <u>1472, (1969).....</u>	14
<u>Cable Electric Products, Inc. v.</u> <u>Genmark, Inc.,</u> <u>770 F.2d 1015 (Fed.</u> <u>Cir. 1980).....</u>	13
<u>E-Systems, Inc. v.</u> <u>Monitek, Inc.,</u> <u>720 F.2d 604 (9th</u> <u>Cir. 1983).....</u>	26
<u>Fuddruckers, Inc. v.</u> <u>Doc's B.R. Others, Inc.</u> <u>826 F.2d 837 (9th Cir. 1987)....</u>	5

	<u>Page</u>
<u>Icicle Seafoods, Inc. v.</u> <u>Worthington,</u> 475 U.S. 709, 106 S.Ct. 1527 (1986).....	28
<u>International Order of Job's</u> <u>Daughters v. Lindeberg & Co.,</u> 633 F.2d 912 (9th Cir. 1980).....	13
<u>In Re Carr-Griff, Inc.</u> 223 U.S.P.Q. 359 (T.T.A.B. 1984).....	10
<u>In Re Certain Miniature</u> <u>Plug-In-Blade Fuses,</u> 221 U.S.P.Q. 792 (U.S. Int.T.C. 1983).....	11
<u>In Re Morton Norwich Products, Inc.,</u> 671 F.2d 1332 (C.C.P.A. 1982).....	12
<u>In Re R. M. Smith,</u> 219 U.S.P.Q. 629 (T.T.A.B. 1983).....	11
<u>In Re Shenango Ceramics, Inc.,</u> 362 F.2d 287, 53 C.C.P.A. 1268 (1966).....	14
<u>In Re Teledyne Industries, Inc.,</u> 696 F.2d 968 (Fed. Cir. 1982)...	7
<u>Levi Strauss & Co. v.</u> <u>Blue Bell, Inc.,</u> 778 F.2d 1352 (9th Cir. 1985) (en banc).....	23, 24

	<u>Page</u>
<u>Park 'N Fly, Inc. v.</u> <u>Dollar Park & Fly, Inc.,</u> <u>782 F.2d 1508</u> (9th Cir. 1986).....	24
<u>Peterson Manufacturing Co. v.</u> <u>Central Purchasing, Inc.,</u> <u>740 F.2d 1541 (Fed. Cir. 1984)...</u>	5,6
<u>Scandia Down Corp. v.</u> <u>EuroQuilt, Inc.,</u> <u>772 F.2d 1423</u> (7th Cir. 1985), <u>cert. denied 475 U.S. 1147,</u> <u>106 S.Ct. 1801 (1986).....</u>	21
<u>United States v. Gypsum Co.,</u> <u>333 U.S. 364 (1948).....</u>	17
<u>Vance v. American Hawaii</u> <u>Cruises, Inc.</u> <u>789 F.2d 790 (9th Cir. 1986)....</u>	25
<u>Vaughn Manufacturing Co. v.</u> <u>Brikam International, Inc.,</u> <u>814 F.2d 346 (7th Cir. 1987)....</u>	5
<u>Vuitton Et Fils S.A. v. J. Young</u> <u>Enerprises 644 F.2d 769</u> (9th Cir. 1981).....	5
<u>Constitutional and Statutory Provisions</u>	
<u>Lanham Act, Section 43(a)</u> <u>15 U.S.C. § 1125.....</u>	4
<u>Rule 52(a) of the Federal Rules</u> <u>of Civil Procedure.....</u>	19, 22, 23



STATEMENT OF THE CASE

In its statement of the case, Enco contends, in summarizing its activities, that its clamps "are virtually identical to the clamp disclosed in the expired patent." In so doing, Enco displays in its Petition only one of the sizes at issue, the respective 3" clamps distributed by Enco and manufactured and distributed by Clamp (PA 42, 43). However, this exposition of the evidence is incomplete and misleading, as it was in the appeal brief of Enco to the Court of Appeals for the Ninth Circuit.

What Enco has failed to disclose is that at the time it slavishly copied the entire arbitrary and distinctive spectrum of sizes and shapes of Clamp's KANT-TWIST clamps, which line included, a 1" clamp, a 3" clamp, a 4½" clamp, a 6" clamp, a 6"

deep bite clamp, a 9" clamp, a 10" clamp, and a 12" clamp (F 19, PA 17), the 4½", 6" deep bite, 9" and 10" KANT-TWIST clamps differed in appearance (with additional turns or dog-legs) from the configuration depicted in the patent drawing. (RA A-1 and B-1 depict the patent drawing and photographs of the Clamp KANT-TWIST, 6" deep bite clamp and Enco 6" deep bite clamp; See also TX 126, 128, 129, 583, 301.) Thus, contrary to the assertion in Enco's Petition on page 27, Enco has not copied a product exactly as depicted in the expired utility patent. Enco's copies in fact were duplicates of the arbitrary spectrum of shapes and sizes utilized for the KANT-TWIST line (F 22).

Further, as set forth hereinabove, Enco's statement that "Clamp neither advertised or promoted the overall configuration of its clamps as a trade-

mark" is belied by the findings of the District Court and Court of Appeals. Enco's statement that "the first time Clamp asserted its clamp configuration as a trademark was the instigation of this litigation" is also misleading. From the initial cease and desist letters sent by Clamp to Enco in December, 1977, Clamp consistently asserted that Enco's copying of the distinctive features of the KANT-TWIST line of shapes, sizes, appearance had resulted in passing off and confusion and constituted deceptive and unfair trade practices (TX 153, 154, 155).

Finally, Enco's statement that "during those five years (from 1977 through 1982), Clamp did not complain to Enco about Enco's continuing sales of non-twisting clamps" is incomplete and misleading. The District Court found that "Enco was aware of Clamp's continu-

ing objection to Enco's unlawful conduct and continued to sell the NO-TWIST clamps at its own risk", (F 23) and the Court of Appeals cited the District Court's finding that "Enco was aware of Clamp's rights." (PA 6)

REASONS FOR DENYING THE WRIT

- I. PROVIDING PROTECTION UNDER THE FEDERAL TRADEMARK LAWS FOR PRODUCT CONFIGURATIONS, WHERE A PLAINTIFF HAS PROVED THAT SLAVISH COPYING IS NOT REQUIRED IN ORDER TO EFFECTIVELY COMPETE, AND HAS ESTABLISHED SECONDARY MEANING AND LIKELIHOOD OF CONFUSION, DOES NOT IN ANY WAY IMPEDE LEGITIMATE COMPETITION, NOR INTERFERE WITH THE PATENT LAWS.

The crux of the argument made by Enco is that the characterization of the configuration of a product which was the subject of an expired patent as a protectable unregistered trademark under Section 43(a) of the Lanham Act (15 U.S.C. § 1125(a)), "creates a serious impediment to competitors who wish to

market these products, especially in those cases where there is no fair warning to the trade of the features of the product which constitutes a trademark." However, the Court of Appeals for the Ninth Circuit, as well as other circuits, have held that trade dress, including overall product configurations, may be protected if their designs are non-functional and have acquired secondary meaning, and if their imitation creates a likelihood of consumer confusion. See e.g. Fuddruckers, Inc. v. Doc's B.R. Others, Inc. 826 F.2d 837 (9th Cir. 1987); Vuitton Et Fils S.A. v. J. Young Enterprises, 644 F.2d 769 (9th Cir. 1981); Vaughn Manufacturing Co. v. Brikam International, Inc., 814 F.2d 346 (7th Cir. 1987); Peterson Manufacturing Co. v. Central Purchasing, Inc., 740 F.2d 1541 (Fed. Cir. 1984). The inquiry as to

whether the granting of protection for the configuration of a product would create a "serious impediment to competitors" is undertaken in all of these cases and in fact is the primary consideration in the courts' analyses of the functionality issue.

Viewed in the context of product shapes, the test for functionality has been articulated by the United States Court of Appeals for the Federal Circuit, applying Ninth Circuit law, in the following manner: "... a potential trademark may be found in a product shape, which, although functional, is not functional to such a degree that it must be slavishly copied in order to have a functionally equivalent product, i.e., is not de jure functional." Peterson Manufacturing, supra. As the Court of Appeals for the Federal Circuit has

held: "Rather, the decisive consideration is whether the overall design of the [the product] is so superior in de facto function or economy of manufacture that recognition of that design as a trademark would hinder competition in the [protected product] trade." In Re Teledyne Industries, Inc. 696 F.2d 968 (Fed. Cir. 1982).

The District Court in this case considered the substantial evidence presented by Clamp of commercially feasible alternative configurations which would perform the same function and which would have the same economy of manufacture as the Clamp line of KANT-TWIST cantilevered clamps. Clamp's expert witness testified extensively regarding the existence of alternative configurations of cantilevered C clamps which perform the same

function as Clamps' product line, but which would not require slavish copying of the line in order to effectively compete. (Tr. V/7-17)

To demonstrate this fact, Clamp's expert proffered two (2) alternative configurations, both of which were clearly distinguishable from the KANT-TWIST line. One alternative configuration would not have violated the utility patent which previously covered the clamps. (TX 102, 103) The second alternative would have violated the expired utility patent. (TX 104, 105) These alternative configurations not only established that the KANT-TWIST design configuration was primarily non-functional, but also graphically demonstrated that Clamp was not seeking to extend its expired utility patent, but, rather, was seeking to prohibit the unnecessary

slavish copying of its entire line of cantilevered C clamps.

Clamp's expert also testified that there was no specific optimal configuration for a "pivoted action weighted" clamp (as the KANT-TWIST clamp was denominated in the expired utility patent) that would be better in function or operation than any other configuration in terms of strength, stress, concentration in the ability to clear the work piece. Referring specifically to the patent drawing (TX 301) (with respect to the expired patent for the KANT-TWIST single screw actuated pivoted clamp), Clamp's expert testified: "I don't think there is such an optimal configuration that it does not exist by this -- can't represent it -- as one could make perfectly good clamps with different detailed shapes of the arms." (Tr. V/14)

Enco is arguing in favor of a per se rule, which would stand for the proposition that the existence of an expired utility patent that covered a product would automatically foreclose the acquisition of trademark rights in the configuration of the product depicted in the patent drawing. This is simply not the law, nor should it be. Rather, it is well established that the existence of a utility patent, or indeed the existence of advertisements touting utility, do not as a matter of law, establish functionality. See In Re Carr-Griff, Inc. 223 U.S.P.Q. 359, 361 (T.T.A.B. 1984).

As the International Trade Commission noted in connection with the claim brought before it regarding foreign "knock-offs" of domestic electric fuses:

"The mere fact that a design serves some function will not render it legally functional if the design is arbitrary and there are alternative designs which would serve the same purpose. Those circumstances exist in the case at hand; another design would serve the same purpose of facilitating removal of the fuse.

. . .

A feature is non-functional if it is not primarily or substantially functional. Thus, even if the features of the patented fuses and the infringing imports are considered to have some functional purpose, we find they still are entitled to protection under the law. In Re Certain Miniature Plug-In-Blade Fuses, 221 U.S.P.Q. 792, 802-803 (U.S. Int.T.C. 1983) (emphasis added).

The courts have weighed several factors in determining whether a particular produce configuration is functional. Thus, in In Re R. M. Smith, 219 U.S.P.Q. 629 (T.T.A.B. 1983), it was recognized that the following were relevant elements:

"The existence of utility patents, advertising touting the utilitarian advantages of a

configuration, the existence of alternative configurations and evidence showing that a design results from a simpler or cheaper method of manufacture are all factors which may be helpful in determining whether a particular design is functional." Id. at 631.

See also In Re Morton Norwich Products, Inc., 671 F.2d 1332 at 1340-41 (C.C.P.A. 1982), cited with approval in the Court of Appeals decision in this case (PA 7-8).

The Court of Appeals for the Federal Circuit distinguished the functionality inquiry in trademark cases from that arising in patent cases, noting that they:

"... can hardly be presumed to be even similar questions. . . . [F]unctionality in the context of this case is a question of a highly factual nature." . . . In evaluating arguments made on behalf of the right to obtain or retain a patent, the proper object of scrutiny is the meaning of patent claims when compared to the teachings of the prior art. On the other hand, in assessing the right to protection from unfair

product copying, the proper object of attention is the actual marketplace design of and marketing practices for an allegedly copied product when compared to those of the alleged copy. The aim of the patent system was to enhance the incentive for useful innovation; the aim of the Lanham Act, Section 43(a), even in the context of product simulation, is to protect a trader's established identity. See International Order of Job's Daughters v. Lindeberg & Co., 633 F.2d 912, 918-19 (9th Cir. 1980) [other citations omitted]." Cable Electric Products, Inc. v. Genmark, Inc., 770 F.2d 1015, 1029-31, (Fed. Cir. 1980)

In the Cable Electric decision, the Federal Circuit directed the District Court to guide its analysis of functionality by utilizing the ample case law available from the Ninth Circuit. It noted out the specific problem caused by improper reliance upon the utility patent:

"In resolving the question of product design functionality for purposes of the Lanham Act, Section 43(a), the fact finder is to consider the

appearance of the products in issue. Reference to utility patent claims that are, or have been, asserted to read on either product, or to the appearance of the device depicted in figures included in the patent specification supporting such claims, must be done with caution. Cf. Best Lock Corp v. Schlage Lock Co., 413 F.2d 1195, 1199, 162 U.S.P.Q. 552, 556, 56 C.C.P.A. 1472, 1477-78 (1969) (cautioning that a 'utility patent is only "some evidence" as to functionality' in its explanation of statements in In Re Shenango Ceramics, Inc., 362 F.2d 287, 292, 150 U.S.P.Q. 115, 120, 53 C.C.P.A. 1268, 1274 (1966)). [Citations] Claims may be capable of reading on many devices of strikingly different configurations. Thus, even the fact that the claims read on two commercial devices in the marketplace is not support in itself for a finding that one is a copy of the other or confusingly similar thereto for section 43(a) purposes. A manufacturer may choose in its commercial embodiment of a patented device to less than faithfully replicate the exemplary depiction of a claimed embodiment shown in the figures of the patent. Hence, for purposes of evaluating the existence of impact of product copying, the relevance of patent figures depends on the extent to which their appearance is replicated in the actual marketplace product of the patentee." Id., at 103) (emphasis added).

In its analysis of the functionality issue, the District Court, as affirmed by the Court of Appeals, did consider the impact that protection of Clamp's product configuration would have on competition and in connection therewith concluded that Clamp had met its burden of proof on the question of non-functionality. This finding, coupled with findings of secondary meaning and likelihood of confusion, as well as actual confusion arising from the sale of Clamp and Enco's respective clamps in the marketplace, provided ample support for the Judgment entered by the District Court and affirmed by the Court of Appeals.

Enco's argument with respect to a requirement of registration of a product configuration before offering it protection under the trademark laws, assuming all the other elements of protection are

met, disregards traditional, undisputed principles of trademark law, which afford trademark protection to unregistered as well as registered marks. This principle has been applied in numerous cases that have recognized protection for product configurations. To require the registration of product configurations as a prerequisite for protection would be inconsistent with the laws of trademark infringement and unfair competition and would judicially legislate a different rule for configurations, as opposed to words or symbols, that constitute trademarks.

Enco's reference to the purported suggestion of the Ninth Circuit that if the Court of Appeals were deciding the issue of functionality de novo, it would conclude that no trademark rights existed in Clamp's product configuration, is

again a misstatement of the Court of Appeals decision. In fact, the Court of Appeals held that it could not find that the District Court's findings were clearly erroneous and that Clamp had presented sufficient evidence to sustain the District Court's finding under the clearly erroneous standard. The Court of Appeals stated that it was not left with a definite and firm conviction that a mistake had been committed, citing the test set forth in United States v. Gypsum Co., 333 U.S. 364, 395 (1948). (PA 8-9)

Finally, Enco argues that in a case like this one, the trademark owner can obtain broader trademark rights and enforcement with an unregistered product configuration mark than it would have if it had sought federal trademark registration. This is simply not true. If Clamp's product configuration design had

been registered as a trademark, the parameters of protectability and acceptable competition would be limited by the same analysis of functionality and likelihood of confusion utilized in the case of unregistered product configurations. Further, any United States Patent and Trademark Office decision on the registerability of a product configuration would also be made through an analysis of functionality and secondary meaning similar to that made by the District Court and Court of Appeals in this case.

II. THE NINTH CIRCUIT STANDARD OF REVIEW ON LIKELIHOOD OF CONFUSION, UNDER THE CLEARLY ERRONEOUS STANDARD, IS CONSISTENT WITH THIS COURT'S PRECEDENT AND THE MANDATE OF RULE 52(A) OF THE FEDERAL RULES OF CIVIL PROCEDURE.

The thrust of Enco's argument on a claimed need for consistency regarding the standard of review on the likelihood of confusion issue is that one fallible human being, the District Court Judge in this case, disagreed with Enco's view of the evidence at trial and that three appellate judges allegedly suggested that, if the matter were up to them, they probably would not have ruled the way the District Court Judge did in this action. This argument is predicated upon the apparent equal access that the appellate court enjoys to the physical and documentary evidence relevant to the uses and impact of Clamp's and Enco's clamps

and their product configurations in the marketplace.

However, this Court made clear in its decision in Anderson v. City of Bessemer City, North Carolina, 470 U.S. 564, 105 S.Ct. 1504, 1512 (1985), that appellate courts may not substitute their view of factual findings based upon documentary evidence. The Seventh Circuit Court of Appeals, in applying the Anderson analysis to a trademark infringement action, held that the legal question involved in the likelihood of confusion issue is not whether the marks in question looked similar to the district or appellate court judges, but whether they looked similar to ordinary consumers. "We have no way to find out how ordinary consumers perceive the mark; the district court on the other hand, heard testimony on that subject and

received evidence of actual confusion." Scandia Down Corp. v. EuroQuilt, Inc., 772 F.2d 1423, 1428-29 (7th Cir. 1985), cert. denied 475 U.S. 1147, 106 S.Ct. 1801 (1986).

The fact that an appellate judges may be correct when they state that they can read and evaluate the similarities between the parties' trade dress (product configuration) just as well as a trial judge is irrelevant under the approach taken by this Court in the Anderson case. Thus, in Ambrit, Inc. v. Kraft, Inc., 812 F.2d 1531 (11th Cir. 1986), cert. denied 481 U.S. 1041, 107 S.Ct. 1983 (1987), the Eleventh Circuit noted that defendant:

"asserts that this court is in as good a position to apply the subjective eyeball test as the lower court. In essence [defendant] is asking this court to review the finding of similarity of design [of trade dress] de novo. We decline

this invitation. A finding of similarity is a finding of fact reversible only for clear error . . . " . . . " [T]he Supreme Court's recent decision in Anderson v. City of Bessemer, . . . makes clear that an appellate court reviewing a finding of fact is constrained by the clearly erroneous standard even when the finding of fact does not turn on the credibility of witnesses or is such that the reviewing court was in as good a position as the district court to review the evidence." Id. at 1541, fn. 46.

Further, an amendment to Rule 52(a) of the Federal Rules of Civil Procedure that became effective August 1, 1985, provides that findings of fact, "whether based on oral or documentary evidence, shall not be set aside unless clearly erroneous." The Advisory Committee's note to the amendment states that the newly added language ("whether based on oral or documentary evidence") is designed to apply to the "clearly erroneous" rule to every form of evidence. In light of the foregoing, it is clear

that Enco is inviting a decision which would be contrary to the holding of the Anderson precedent of this Court and the clear dictates of Rule 52(a).

Furthermore, the Ninth Circuit has not, as Enco claims, "flip-flopped" several times on the standard of review for likelihood of confusion. In Levi Strauss & Co. v. Blue Bell, Inc., 778 F.2d 1352 (9th Cir. 1985) (en banc), the Ninth Circuit made clear that likelihood of confusion is purely a question of fact, reversible on appeal only if clearly erroneous. The Ninth Circuit noted that likelihood of confusion is a mixed question of law and fact, but predominantly factual; that de novo review required significant diversion of appellate court resources; that confusion determinations have limited precedential value because they stood upon the facts

of individual cases; and that they are treated as fact questions for jury purposes. This likelihood of confusion standard of review was followed by the Ninth Circuit in the instant action, as well its subsequent decision in Accuride International, Inc. v. Accuride Corp., 871 F.2d 1531, 1534 (9th Cir. 1989).^{3/}

^{3/} See also Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 782 F.2d 1508, 1509 (9th Cir. 1986) (on remand from the Supreme Court): "We reviewed the district court's finding of likelihood of confusion under the clearly erroneous standard. Levi Strauss & Co. v. Blue Bell, Inc...."

III. THE COURT OF APPEALS PROPERLY AFFIRMED THE DISTRICT COURT'S IMPLIED REJECTION OF THE LACHES DEFENSE THROUGH A FULL UNDERSTANDING ASCERTAINABLE FROM THE FINDINGS ENTERED BY THE DISTRICT COURT.

The Court of Appeals, citing Vance v. American Hawaii Cruise, Inc. 789 F.2d 790, 792 (9th Cir. 1986), noted that while the District Court made no express findings and conclusions on Enco's laches defense, it could assume that the District Court's failure to discuss the laches defense is equivalent to refusal, because there is no doubt that (1) the District Court rejected the defense, and (2) a full understanding of the issue may be obtained from the District Court's findings, which did address the relevant factors. (PA 5) The Court of Appeals opinion then recited the District Court's findings with respect to the factors to be weighed in analyzing the laches de-

defenses, as set forth in E-Systems, Inc. v. Monitek, Inc., 720 F.2d 604, 607 (9th Cir. 1983). These included the District Court's finding that Clamp's trademark rights are strong, that Clamp acted promptly in writing to Enco, filing its FTC Complaint, and filing suit after the FTC completed its investigation, that Clamp was damaged substantially by Enco's actions, that Enco was aware of Clamp's rights, and that Clamp and Enco were in direct competition. (PA 5-6)

The Court of Appeals noted that while the District Court made no express finding concerning harm suffered by Enco as a result of Clamp's delay, the District Court, in finding that Enco was aware of Clamp's continuing objections and that the No-Twist sales were less than .7% of Enco's total sales, had

implicitly determined that Enco suffered no harm. (PA 6; F 14, 23)

Contrary to the claim of Enco, the Court of Appeals did not conduct a de novo weighing of the facts on the laches issue. Enco in its Petition (page 36) presents this Court with an incomplete and out of context quotation from the Court of Appeals opinion as it relates to the District Court's findings "weighing" against a determination of laches.

In fact, the quote cited by Enco (PA 6), follows a discussion of an alleged presumption of harm urged by Enco arising from an analogous statute of limitations. In response to Enco's urging of such a presumption, the Ninth Circuit noted that it has applied a presumption of harm based upon delay equal to analogous statute of limitations period only in patent cases and that that

period runs for six years and simply limits the recovery period for damages. Further, the Court of Appeal concluded that the application of the presumption would not matter to the result in the instant case. Thus, in the passage cited by Enco, the Court of Appeals was simply stating "even if we assume that the District Court was clearly erroneous in not presuming that Enco suffered harm as a result of Clamp's delay, the District Court's findings and the other factors weigh against a determination of laches." (PA 6)

It is abundantly clear that a full understanding of the issue of laches was possible without separate, specific findings in addition to those mentioned above. Enco's citation to this Court's decision in Icicle Seafoods, Inc. v. Worthington, 475 U.S. 709, 106 S.Ct. 1527

(1986) is inapposite. In that decision, the Court of Appeals was criticized for making factual findings on its own. "If the Court of Appeals believed that the District Court had failed to make findings of fact essential to a proper resolution of a legal question, it should have remanded to the District Court to make those findings." Id. at 1530. This is not what occurred in the instant action. The Court of Appeals did not create findings, nor did it "weigh" them.

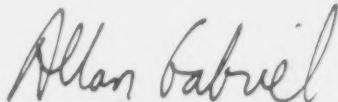
Enco's argument that the District Court possibly actually rejected the defense of laches on a legal theory advanced by Clamp in its motion in limine is similarly unavailing. There is no doubt that the District Court considered Enco's defense of laches at trial. The Pre-Trial Conference Order sets forth the

factual and legal issues regarding laches that were litigated before the District Court. (RA C-18, C-26) While Clamp did file a motion in limine seeking to bar evidence of laches, the District Court never ruled on that motion. Enco strenuously argued its laches defense at trial and Enco conceded, in connection with the laches defense, that "after a plenary trial on the merits, the record is complete. Since the district court never ruled on Clamp's Motion in Limine, all proof of laches is in the record." (RA D-1 through D-3)

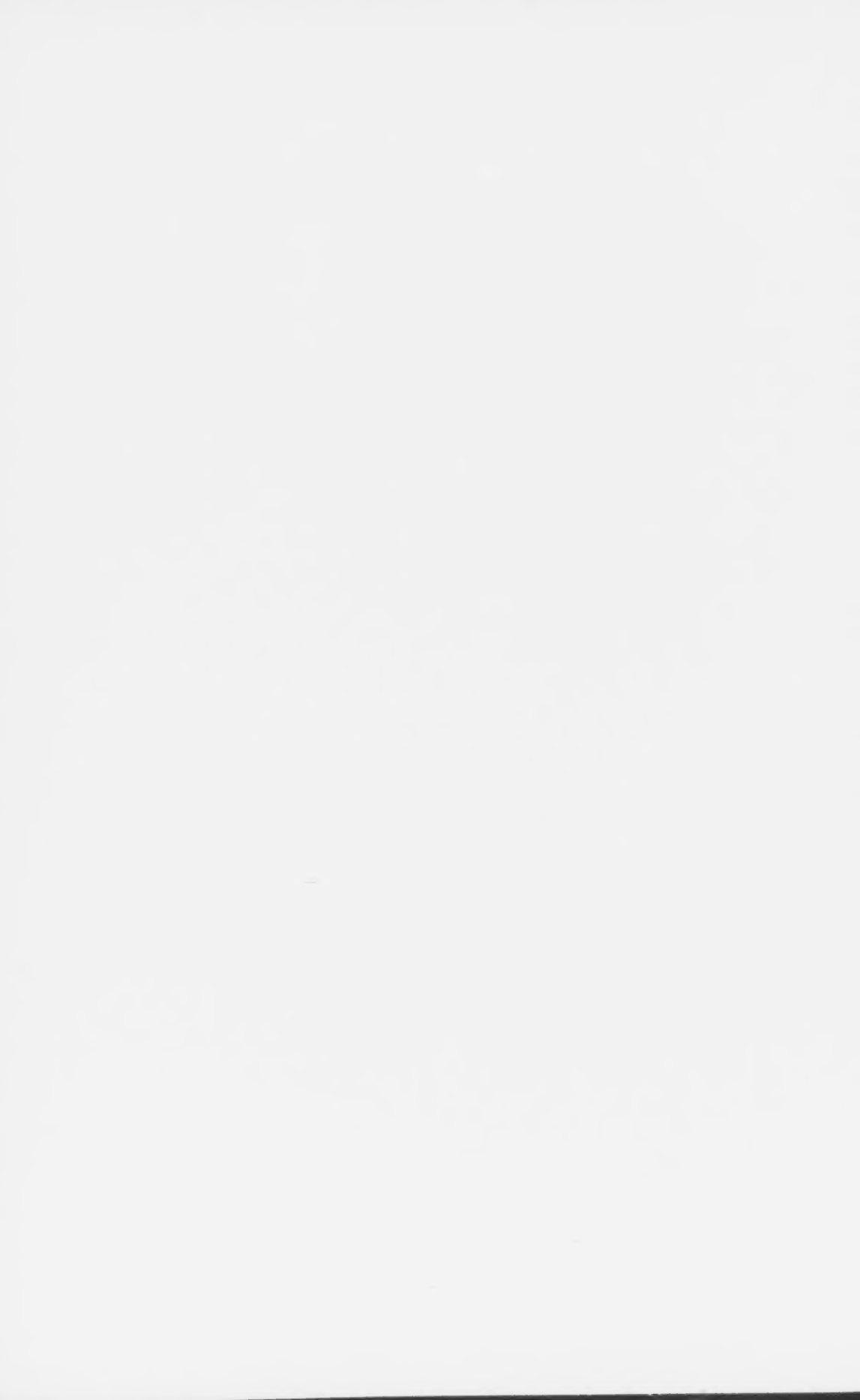
CONCLUSION

For the foregoing reasons,
Respondent respectfully submits that the
Petition for Certiorari should be denied.

Respectfully submitted,



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APPENDIX A

A - 1

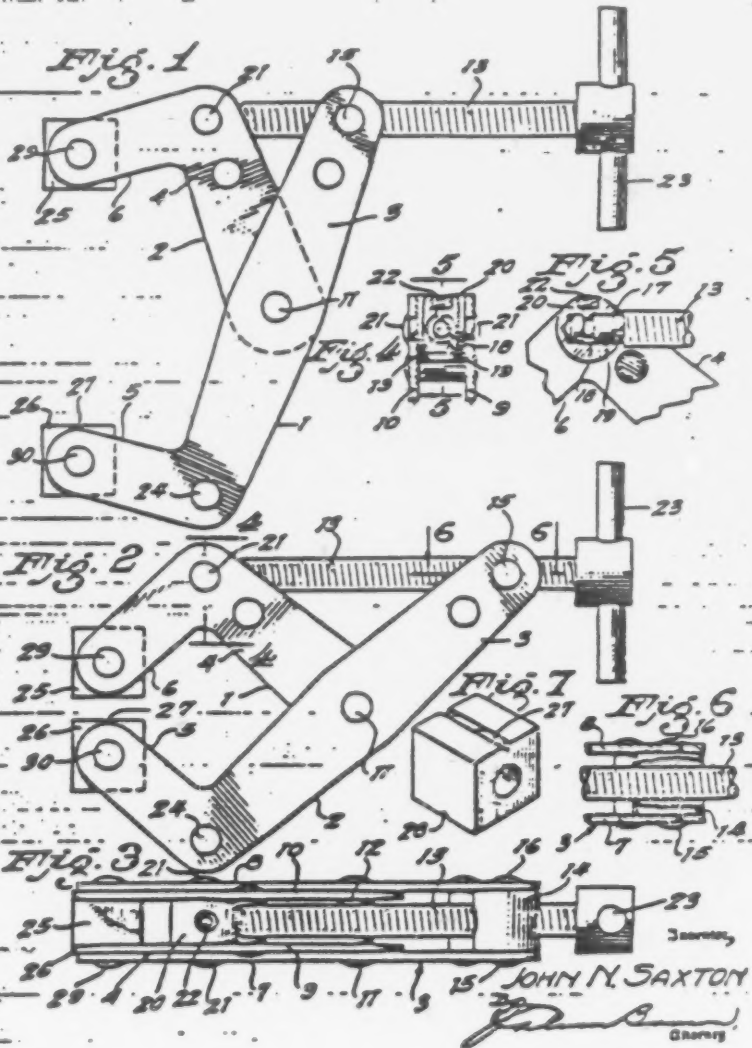
Dec. 13, 1955

J. N. SAXTON

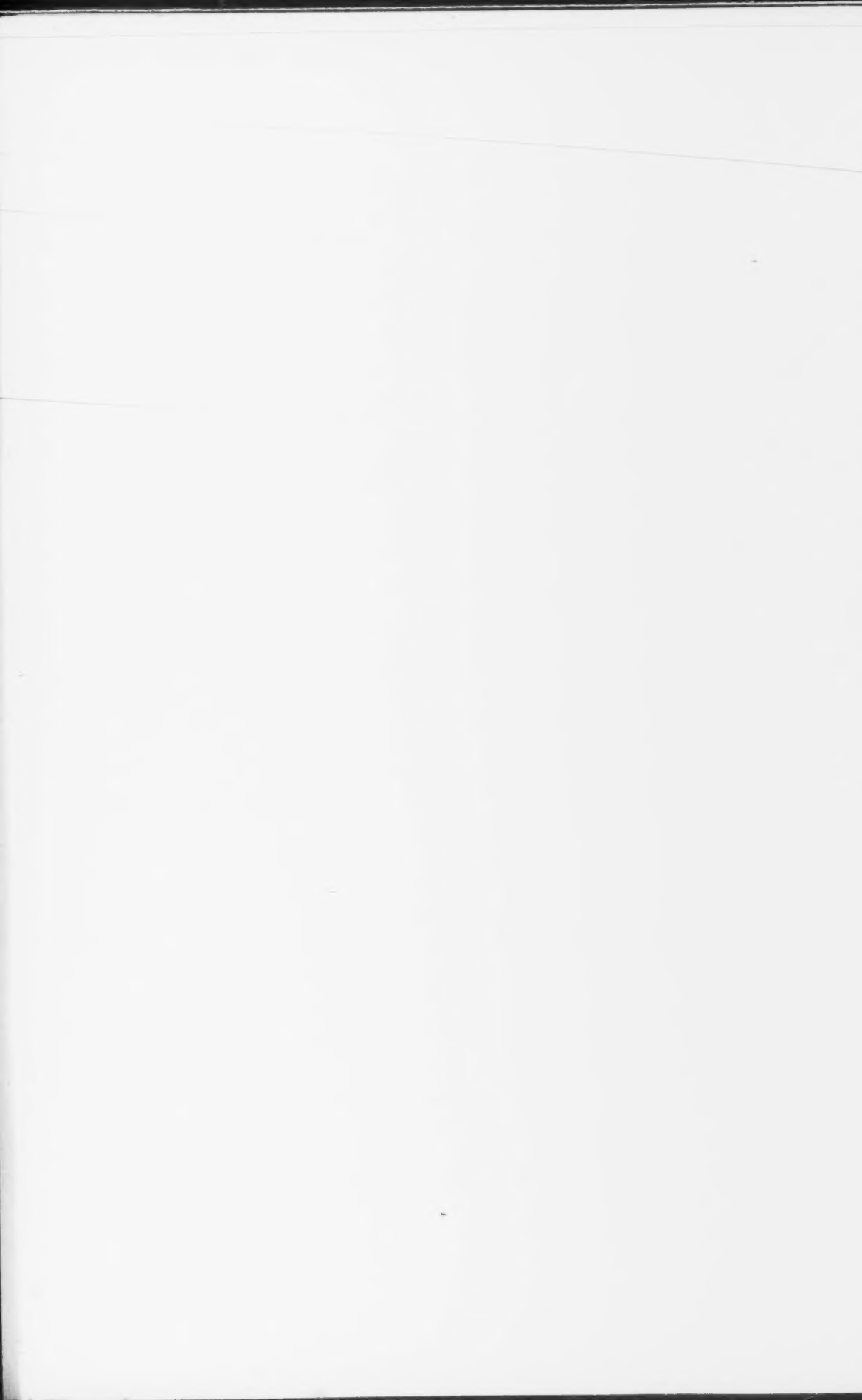
2,726,694

SINGLE SCREW ACTUATED PIVOTED CLAMP

Filed Feb. 4, 1952



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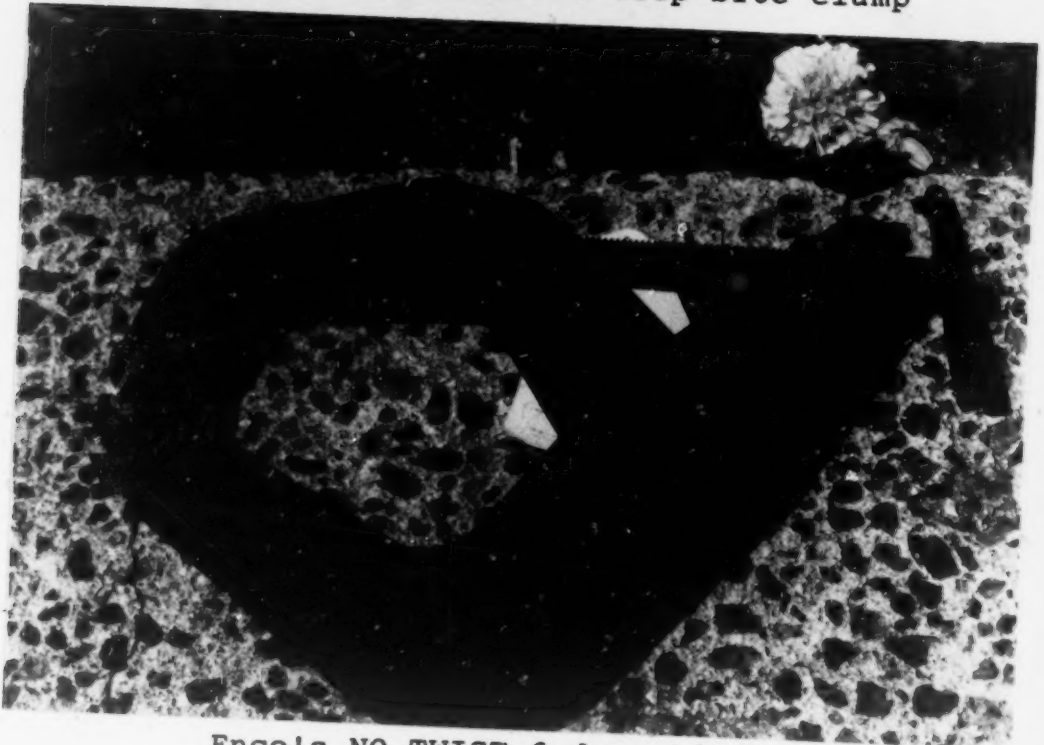


APPENDIX B

B - 1



Clamp's KANT-TWIST 6 deep-bite clamp



Enco's NO-TWIST 6 deep-bite clamp



APPENDIX C

ALPHEUS C.

C-1

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ENCO MANUFACTURING COMPANY, INC. And COLEX, INC.

FILED, JUN 9,
1986, Clerk
U.S. District
Court Central
District of
California

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

CLAMP MFG. CO.,	)	NO. CV 82-4352
INC. a California	)	CBM (TX)
corporation,)	
	)	PRE-TRIAL CONFERENCE
Plaintiff,	)	ORDER
)	
v.	)	DATE: June 9, 1986
	)	TIME: 1:30 p.m.
ENCO MFG. CO.,	)	In the Courtroom of
INC., et al.,	)	the Honorable
	)	Consuelo B. Marshall,
Defendants.	)	United States
	)	District Court Judge

Following the Pre-Trial proceedings, pursuant to Rule 16, Fed. R. Civ. P., and Local Rule 9, IT IS HEREBY ORDERED THAT:

1. The parties to the Complaint are plaintiff Clamp Mfg. Co., Inc., a California corporation, and defendants Enco Manufacturing Co., Inc., an Illinois corporation, and Colex, Inc., a California corporation (hereinafter collectively known as the "Enco defendants"). Defendants Industrial Pipe & Steel, Inc. and Rutland Tool & Supply, Inc. have stipulated to consent judgments.

Each of the Enco defendants has been served and has appeared. Defendants Primeline International, Korean United Mfg. Co., Inc. and Nebay Iron & Steel Works have not been served. All parties named in the pleadings and not identified

in the preceding paragraph are now hereby dismissed.

The pleadings which raise the issues are: (1) plaintiff's Complaint for injunction for trademark infringement, violation of Section 43(a) of the Lanham Act, unfair competition and for damages filed on August 24, 1982; and (2) the Enco defendants' Answer to Complaint filed on or about October 18, 1982.

Pursuant to the request of the Enco defendants, their counterclaim is hereby dismissed with prejudice and plaintiff does not object thereto.

2. Federal jurisdiction and venue are based upon 28 U.S.C. §§ 1338(a) and (b), and 1331, and 15 U.S.C.. §§ 1121 and 1125(a):

(a) This is an action for trademark infringement, false designation

of origin, false description, palming off and unfair competition. It arises under the trademark laws of the United States (15 U.S.C. §1051, et seq.), particularly Sections 1114(1), 1121 and 1125(a), and under state law.

(b) Plaintiff Clamp Mfg. Co., Inc. is, and at all relevant times was, a corporation duly organized and existing under and by virtue of the laws of the State of California, doing business in the Central District of the United States District Court for the State of California. Defendant Enco Manufacturing Co., Inc. is a corporation duly organized and existing under and by virtue of the laws of the State of Illinois, with its principal place of business in Chicago, Illinois, and doing business in the Central District of the United States

District Court for the State of California. Defendant Colex, Inc. is a corporation duly organized and existing under and by virtue of the laws of the State of California and doing business in the Central District of the United States District Court for the State of California.

(c) The facts requisite to invoke federal jurisdiction and venue are admitted by all parties.

3. The trial is estimated by plaintiff to take five (5) days and by the Enco defendants to take ten (10) days.

4. The trial is to be a non-jury trial. At least one week prior to the trial date each counsel shall submit to the Court and opposing counsel the proposed findings of fact and conclusions of

law the party expects the Court to make upon proof at the time of trial as required by Local Rule 13.5.

5. The following facts are admitted and require no proof:

(a) Plaintiff Clamp Mfg. Co., Inc. ("plaintiff") is a California corporation having its principal place of business in Los Angeles, California. Plaintiff's predecessor in interest was Saxton Mfg. Co.

(b) Plaintiff and its predecessor continuously since 1955 have been and now are engaged in the business of manufacturing, selling, marketing, advertising and distributing clamps throughout the United States.

(c) Plaintiff owns U.S. Trade-mark Registration No. 977,118, issued on January 2, 1974 for the designation of

KANT-TWIST for clamps. Said registration acquired incontestable status on January 21, 1980 based on the filing of an affidavit with the United State Patent and Trademark Office.

(d) Defendant Enco Manufacturing Co., Inc. ("Enco") is a manufacturer and distributor of machine tools, parts and accessories with offices located in Chicago, Illinois.

(e) Defendant Colex, Inc. ("Colex") is an affiliate of Enco, is the West Coast distributor of Enco and is located in Cerritos, California. Colex sells products distributed by Enco, including clamps, primarily to users of such products. Enco and Colex have common ownership.

(f) Continuously since 1976, Enco has purchased, through Primeline

International, a line of clamps similar in nature, function, and use to plaintiff's KANT-TWIST clamps.

(g) The Enco defendants have sold or otherwise distributed such clamps throughout the United States. These clamps are designated as Enco No Twist clamps^{1/} in Enco's catalogues.

(h) The Enco defendants have sold each No Twist clamp that Enco has purchased, except for current inventory. Enco's purchases are accurately reflected and evidenced by Enco's purchase orders produced and to be produced by the Enco defendants in response to plaintiff's prior and future discovery requests.

^{1/} Since the facts regarding, and legal significance of, the use by the Enco defendants of the designation No Twist is in dispute, the parties do not waive any factual or legal claims or defendants

(i) In late November 1977, plaintiff demanded of Enco that it cease importing such clamps and selling them under the No-Twist designation. Enco promptly rejected the demand in a letter to plaintiff dated December 5, 1977. A letter from plaintiff to Enco dated December 19, 1977 subsequently followed.

(j) The Enco defendants' sales of No Twist clamps represent less than .7% of their total sales.

(k) Plaintiff's sales of the KANT-TWIST clamps represents the majority of plaintiff's business and sales.

(l) In December 1955, John Saxton, plaintiff's predecessor in interest, obtained United States utility patent number 2,726,694 for its line of KANT-TWIST clamps.

////

6. The following issues of fact, and no others, remain to be litigated at trial:

(a) Whether the design configuration of plaintiff's KANT-TWIST clamps is primarily non-functional. (P)^{2/}

(b) Whether the design configuration of plaintiff's clamps is essentially functional and contributes materially to a general sales of the goods.

(D)

(c) Whether the design configuration of plaintiff's clamps is aesthetic or ornamental. (D)

(d) Whether the design configuration of plaintiff's KANT-TWIST clamps

regarding these issues by virtue of the manner in which this Order denominates and describes such use.

^{2/} The parties have been unable to reach full agreement as to how to state

is disclosed, described, and/or claimed in the U.S. utility patent of plaintiff's predecessor. (D)

(e) Whether plaintiff has promoted the design configuration of its clamps for the objectives for which clamps are used or purchased. (D)

(f) Whether the design configuration of plaintiff's clamp contributes to the products' use, efficiency or purpose. (D)

(g) Whether the design configuration of plaintiff's clamp gives the consumer a substantial reason for purchasing or using the product. (D)

(h) Whether there will be a hindrance of competition should the Enco defendants be enjoined from using the present design configuration of their No Twist Clamps. (P)

(i) Whether there is a commercially feasible alternative clamp design configuration which others, including the Enco defendants, could utilize to successfully compete with plaintiff's KANT-TWIST clamps on the basis of utility.

(P)

(j) Whether plaintiff adopted the design configuration of its clamps for the purpose of identifying it and distinguishing its clamps from those of others. (D)

(k) Whether the design configuration of plaintiff's clamps serves to identify plaintiff as a source of its line of clamps.

(l) Whether there is a likelihood of confusion resulting from the Enco defendants' use of the design configuration of their products.

(m) Whether a significant number of reasonably prudent purchasers have been confused as to the source of clamps. (D)

(n) Whether actual confusion has occurred as a result of the Enco defendants' use of the design configuration of their clamps.

(o) Whether the Enco defendants' adopted the design configuration of their clamps in bad faith.

(p) Whether the Enco defendants' use of the design configuration of their clamps was intended to cause actual confusion in the marketplace.

(q) Whether plaintiff, and its predecessor in interest, developed a line of clamps and since the inception of the sales of this line of clamps designated,

////

advertised and promoted and sold such clamps under the designation KANT-TWIST.

(r) Whether the incontestable status of plaintiff's KANT-TWIST trademark prohibits any defense against plaintiff's claims on the basis that the KANT-TWIST trademark is merely descriptive. (P)

(s) Whether the incontestible status of plaintiff's KANT-TWIST trademark compels the conclusive presumption of secondary meaning for the KANT-TWIST trademark. (P)

(t) Whether plaintiff's KANT-TWIST trademark is a suggestive, descriptive or generic mark.

(u) Whether plaintiff's KANT-TWIST trademark has achieved secondary meaning.

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(v) Whether plaintiff has spent considerable sums advertising and promoting its KANT-TWIST line of clamps. (P)

(w) Whether there is a likelihood of confusion resulting from the Enco defendants' use of No Twist in connection with their products.

(x) Whether KANT-TWIST and No Twist are similar in sight, sound or meaning.

(y) Whether KANT-TWIST clamps and No Twist clamps are sold in the same channels of trade and are advertised and promoted to the same purchasers.

(z) Whether actual confusion has occurred as a result of the Enco defendants' use of the term No Twist in connection with their clamps.

////

(aa) Whether the Enco defendants' use of the term No Twist in connection with the sale of their clamps was intended to cause actual confusion in the marketplace.

(bb) Whether a purchaser depending on casual recall would logically believe that the No Twist clamps marketed by the Enco defendants were made, sponsored or approved by plaintiff. (P)

(cc) Whether the term "twist" has been primarily associated by the buying public with plaintiff alone. (D)

(dd) Whether No Twist is used by the Enco defendants descriptive, rather than as a trademark, fairly and in good faith to describe their products.
(D)

////

(ee) Whether plaintiff has established the exclusive right to use the term "twist" in connection with the clamps in suit. (D)

(ff) Whether the Enco defendants have acted and intended to palm-off the Enco defendants' clamps as those of plaintiff.

(gg) Whether the Enco defendants adopted a confusingly similar advertising format for their No Twist clamps which is likely to or has caused confusion in the marketplace.

(hh) Whether the Enco defendants' clamps are of inferior quality as compared to plaintiff's clamps

(ii) Whether the Enco defendants have represented their No Twist clamps to be of the same quality as plaintiff's KANT-TWIST clamps.

(jj) Whether the Enco defendants have filled orders for KANT-TWIST clamps with No Twist clamps. (P)

(kk) Whether the Enco defendants have filled more than a de minimus number of orders for KANT-TWIST clamps with No Twist clamps.

(ll) Whether plaintiff unreasonably delayed in bringing its action and whether the Enco defendants in reliance thereon changed their position or are otherwise prejudiced by such delay.

(mm) Whether the original defendants in this action sold clamps of the type similar to those sold by plaintiff under the designations No Twist, SUPER TWIST, TWISTLESS and UNIVERSAL TWIST.

(nn) Whether plaintiff has sustained damages, including but not limited

to lost profits, as a result of the Enco defendants' use of the design configuration of their No Twist line of clamps and, if so, the amount thereof.

(oo) Whether plaintiff has sustained damages, including but not limited to lost profits, as a result of the Enco defendants' use of their No Twist name and, if so, the amount thereof.

(pp) Whether plaintiff has sustained damages, including but not limited to lost profits, as a result of the Enco defendants' alleged unfair competition and palming off and, if so, the amount thereof.

(qq) Whether plaintiff is entitled to the Enco defendants' profits and, if so, the amount of profits earned by the Enco defendants in connection with their sale of No Twist clamps.

(rr) If plaintiff's right to the Enco defendants' profits is established, the amount of costs and deductions from the Enco defendants' sales under 15 U.S.C. § 1117.

(ss) Whether plaintiff is entitled to reasonable attorneys' fees and, if so, the amount of attorneys' fees reasonably incurred by plaintiff in connection with the lawsuit.

(tt) Whether plaintiff is entitled to pre-judgment interest and, if so, the amount of such interest.

7. The following issues of law, and no others, may be litigated at trial.

(a) Whether plaintiff's design configuration for its clamps is primarily non-functional. (P)

(b) Whether plaintiff sustained its burden of proof that its

design configuration for its clamps is non-functional. (D)

(c) Are the features of plaintiff's clamps incapable of exclusive appropriation by reason of their being the subject of an expired U.S. utility patent. (D)

(d) Whether the Enco defendants infringed upon plaintiff's design configuration for its clamps.

(e) If plaintiff's clamp configuration is not functional, has plaintiff sustained its burden of establishing secondary meaning by showing that clamp configuration identified plaintiff as the sole source of the product. (D)

(f) Whether plaintiff's design configuration for clamps has acquired secondary meaning.

////

(g) Whether there is a likelihood of confusion between plaintiff's design configuration for clamps and the Enco defendants' design configuration of clamps.

(h) Whether the Enco defendants infringed plaintiff's KANT-TWIST trademark.

(i) Whether there is a likelihood of confusion between plaintiff's KANT-TWIST trademark and the term No Twist as used by the Enco defendants.

(j) Whether the incontestable status of the KANT-TWIST registration precludes any attack on it by the Enco defendants on the basis that the mark is allegedly merely descriptive.

(k) Whether the incontestable status of the KANT-TWIST registration permits the mark to be protected without

the need for plaintiff demonstrating secondary meaning.

(l) Whether plaintiff's delay in bringing suit, during which its KANT-TWIST trademark registration acquired incontestable status, estops plaintiff from claiming the benefit of such incontestable status against the Enco defendants. (D)

(m) Whether the KANT-TWIST trademark is merely descriptive (and therefore not protectible in the absence of a demonstration of secondary meaning) or suggestive (and therefore protectible without any necessity for demonstrating secondary meaning). (D)

(n) Whether plaintiff's KANT-TWIST trademark has acquired secondary meaning with respect to its clamps. (D)

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(o) Whether the scope of any trademark rights plaintiff may have is limited by the descriptiveness or suggestiveness of the term "twist". (D)

(p) Whether the Enco defendants' use of the term No Twist constitutes a fair use under 15 U.S.C. 1115 (b)(4) or otherwise.

(q) Whether the Enco defendants have met their burden of proof on the four elements of the fair use defense

(1) Plaintiff's KANT-TWIST trademark is descriptive;

(2) The Enco defendants' use of No Twist is not as a trademark;

(3) The Enco defendants utilize No Twist fairly and in good faith; and

(4) The Enco defendants
utilize the term No
Twist mark only to
describe their clamps.

(r) Have the Enco defendants
established a fair use defense. (D)

(s) Whether the Enco defendants are guilty of deliberate, fraudulent, malicious or willful infringement of plaintiff's trademark rights

(t) Whether the Enco defendants have unfairly competed with plaintiff.

(u) Whether the Enco defendants' sale of their No Twist clamps constitutes a false designation of origin, false description or false representation under 15 U.S.C. § 1125(a).

(v) Whether the Enco defendants are responsible for actions of

independent dealers and distributors who purchase "No-Twist" clamps from them for resale.

(w) Whether trademark infringement is a continuing tort. (D)

(x) Whether plaintiff is entitled to an injunction restraining future acts of trademark infringement and unfair competition.

(y) Whether plaintiff's claims should be barred by the equitable doctrines of estoppel or laches.

(z) Whether the Enco defendants have waived any alleged defense based in whole or in part upon the statute of limitation by failing to plead that defense. (P)

(aa) Whether plaintiff is entitled to damages, including but not limited to lost profits, arising out of

the Enco defendants' alleged trademark infringement and/or unfair competition.

(bb) Whether plaintiff is entitled to recovery of its attorneys' fees.

(cc) Whether plaintiff's award of actual damages should be increased pursuant to 15 U.S.C. § 1117.

(dd) Whether plaintiff is entitled to prejudgment interest, and, if so, the amount of such interest. (P)

8. Discovery is not yet complete. The parties have agreed and the Court hereby permits that the following further discovery shall be taken:

(a) Depositions of the expert witnesses designated by the parties.

(b) Depositions of persons identified on either of the parties'

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witness lists that have not heretofore been deposed.

(c) Completion of such other discovery as has been requested by the parties prior to the date hereof or which is reasonable and appropriate in connection the factual and legal claim and defenses set forth in this Order. Such discovery or further discovery shall be completed no later than September 12, 1986.

9. The Joint Exhibit List of the parties is filed herewith under separate cover. Although the Joint Exhibit list is largely complete, in light of the discovery still outstanding, each party shall have the right to supplement the Joint Exhibit List so as to reflect exhibits falling within the scope of such outstanding discovery. The parties shall

complete their exchange of copies of all exhibits by September 29, 1986, shall supplement the Joint Exhibit List by September 29, 1986, and shall file objections to any exhibits not later than October 3, 1986.

10. The parties' Witness Lists are filed herewith. In light of this discovery still outstanding, plaintiff and the Enco defendants shall have the right to supplement their Witness Lists with names and addresses of additional witnesses they intend to call.

11. Each party intending to present evidence by way of deposition testimony will mark such depositions in accordance with Local Rule 9.4.9 not later than October 1, 1986.

12. No law or motion matters are presently pending or contemplated.

13. The Court has previously ruled that the trial in this matter shall not be bifurcated.

14. The foregoing admissions have been made by the parties, and the parties have specified the foregoing issues of fact and law remain to be litigated, this pretrial conference order shall supersede the pleadings and govern the course of

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C-31

trial of this cause, unless modified to
prevent manifest injustice.

DATE: June 9, 1986.

/s/ Consuelo B. Marshall
United States District
Court Judge

APPROVED AS TO
FORM AND CONTENT:

DATED: June 3, 1986 June 3, 1986

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Allan Gabriel	& SUSMAN
Ronald M. St. Marie	Frederic E.
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COLLEX, INC.

APPENDIX D

APPENDIX D

D-1

BRIEF OF APPELLANT
IN THE
UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

CLAMP MANUFACTURING)	
COMPANY, INC.,	)	No. 88-5559
	)	DC# CV-82-
Plaintiff-Appellee,	)	4352-CBM
)	
vs.	)	Central
	)	California
ENCO MANUFACTURING)	
COMPANY, INC., et al.,	)	ORAL ARGUMENT
	)	REQUESTED
Defendants-Appellants,)	

Appeal from the Judgment of the United
States District Court for the Central
District of California

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based its motion on the argument that the Supreme Court decision in Park 'N Fly, Inc. v. Dollar Park And Fly, Inc., 469 U.S. 189 (1985), overruled the Ninth Circuit decision in Prudential Insurance Co. v. Gibraltar Financial Corp., 694 F.2d 1150 (9th Cir. 1982), cert. denied, 463 U.S. 1208 (1983), thereby removing laches as a defense to infringement of an incontestable mark. [D-198, Motion In Limine] Although the district court never ruled on the Motion In Limine and evidence of laches was introduced at trial, the court made no explicit findings with respect to laches.

However, laches is indeed a defense to infringement; Park 'N Fly expressly withheld deciding the issue. Id., at 203 n. 7. This Court reaffirmed the Prudential decision in Pyrodyne Corp. v. Pyrotronics Corp., 7 U.S.P.Q. 2d 1082, 1085-86 (9th Cir. 1988). In Pyrodyne, this Court remanded the case to the district court; the case was still in the pretrial phase. Here, after a plenary trial on the merits, the record is complete. Since the district court never ruled on Clamp's Motion In Limine, all proof of laches is in the record. This Court should reverse the district court's award of damages because Clamp unreasonably delayed bringing suit.

Enco thus proved a prima facie case of laches that the district court substantially refused to consider.2/

2/ The only arguable treatment of Enco's laches defense appears in Finding of Fact No. 23 [D-229], in which the court stated "during this time [of Clamp's delay], Enco was aware of Clamp's



No. 89-199
IN THE SUPREME COURT OF THE UNITED STATES
October Term, 1989

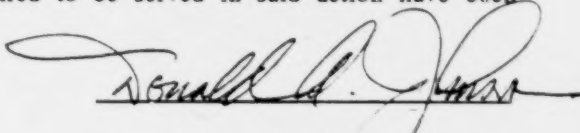
ENCO MANUFACTURING COMPANY, INC.,
Petitioner,
vs.
CLAMP MANUFACTURING COMPANY, INC.,
Respondent.

STATE OF CALIFORNIA)
) ss:
COUNTY OF LOS ANGELES)

Donald A. Johnson being first duly sworn, deposes and says: I am a citizen of the United States and a resident of or employed in the county aforesaid. I am over the age of 18 years and not a party to the said action. My business addresss is 3550 Wilshire Blvd., Suite 916, Los Angeles, California 90010. On September 5, 1989, I served the within BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI on the interested parties in said action by placing three true copies thereof with first-class postage fully prepaid, in the United States post office mailbox at Los Angeles, California, in sealed envelopes addressed as follows:

CHARLES A. LAFF, ESQ.
LOUIS ALTMAN
LARRY L. SARET
LAFF, WHITESEL, CONTE & SARET
401 North Michigan Avenue, Suite 2000
Chicago, Illinois 60611


That affiant makes this service, for ALLEN GABRIEL, Counsel of Record, ERVIN, COHEN & JESSUP, Attorneys for Respondent herein, and that to the best of my knowledge all persons required to be served in said action have been served.


Donald A. Johnson

On September 5, 1989, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Donald A. Johnson, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

WITNESS my hand and official seal.




Notary Public in and for
said County and State

89-199

3

Supreme Court, U.S.

FILED

SEP 11 1989

JOSEPH F. SPANOL, JR.
CLERK

No. 89-199

IN THE
Supreme Court of the United States
OCTOBER TERM, 1989

ENCO MANUFACTURING COMPANY, INC.,

Petitioner,

vs.

CLAMP MANUFACTURING COMPANY, INC.,

Respondent.

**SUPPLEMENT TO THE
PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF
APPEALS FOR THE NINTH CIRCUIT
AND APPENDIX**

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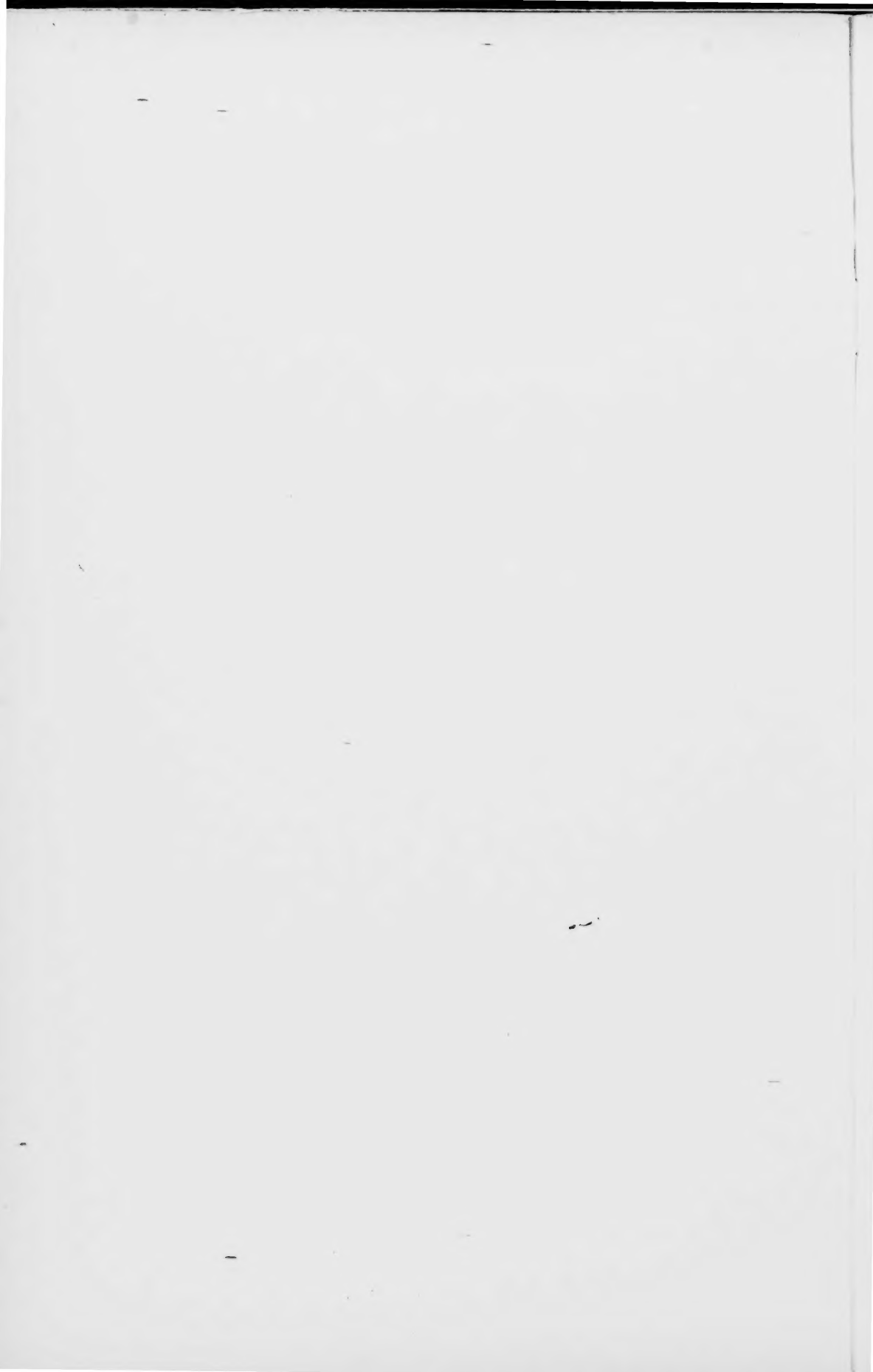


TABLE OF CONTENTS

	PAGE
SUPPLEMENT TO THE PETITION	1
CONCLUSION	3
APPENDIX J— <i>Allied Marketing Group, Inc.</i> <i>v. CDL Marketing, Inc.</i> , No. 88-1747, slip op. (5th Cir. July 13, 1989)	App. 45



No. 88 - 199

IN THE

Supreme Court of the United States

OCTOBER TERM, 1989

ENCO MANUFACTURING COMPANY, INC.,

Petitioner,

vs.

CLAMP MANUFACTURING COMPANY, INC.,

Respondent.

**SUPPLEMENT TO THE
PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF
APPEALS FOR THE NINTH CIRCUIT**

This supplement to the Petition for Writ of Certiorari describes a Fifth Circuit decision, which was published after the filing of the Petition and reveals a conflict among the Circuits on the Third Question Presented for Review. For convenience, we shall restate the appropriate Argument heading from the Petition.

RULE 52(a), FED. R. CIV. P., REQUIRES A COURT OF APPEALS TO REMAND A TRIAL COURT'S DECISION WHERE IT FAILS TO MAKE EXPRESS FINDINGS AND CONCLUSIONS ON AN AFFIRMATIVE DEFENSE, OR EVEN TO MENTION THE DEFENSE.

The Fifth Circuit Court of Appeals recently rendered a decision which conflicts with the Ninth Circuit's decision in this case. This new development creates a further compelling reason for granting the Writ as to the Third Question since there is now a split among the Circuits on this question.

The Fifth Circuit, in *Allied Marketing Group, Inc. v. CDL Marketing, Inc.*, No. 88-1747, slip op. (5th Cir. July 13, 1989) (reproduced at App. 45), held that a court of appeals should not assume that a district court implicitly resolved an issue if it made no findings of fact or conclusions of law on the point, even if the facts necessary to resolve the issue were submitted to the district court and the issue was fully briefed and argued. The Fifth Circuit rejected the plaintiff's invitation to evaluate the district court's decision on the basis of "presumed" findings of fact and conclusions of law and remanded the case to the district court to consider all defenses, including the defense of laches (App. 59). While the *Allied Marketing* case was decided on a motion for preliminary injunction, the Fifth Circuit suggested that the requirement for detailed findings and conclusions would be even more strict after a trial on the merits (App. 59).

In contrast to the Fifth Circuit, the Ninth Court here assumed that the district court decided the laches issue despite the district court's failure to make findings and conclusions specifically directed to the laches defense or even mention the defense. Instead, the Ninth Circuit conducted its own evaluation of the laches defense, weighed

the relevant factors, and ruled that the district court's "implicit conclusion that laches should not apply was not an abuse of discretion".

Appellate review under Rule 52(a) should not differ from Circuit to Circuit. This Court should resolve the conflict between the Circuits in favor of the Fifth Circuit's view and consistent with the intent of Rule 52(a) and the prior decisions of this Court (see Petition For a Writ of Certiorari at pp. 32-39).

CONCLUSION

For the foregoing reasons, the Writ of Certiorari should issue.

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APPENDIX



APPENDIX J

**ALLIED MARKETING GROUP, INC.,
d/b/a Sweepstakes Clearinghouse,
Plaintiff-Appellee,**

v.

**CDL MARKETING, INC., Carl D. Lan-
don and S & H Marketing Group,
Inc., Defendants-Appellants.**

No. 88-1747.

**United States Court of Appeals,
Fifth Circuit.**

July 13, 1989.

* * * * *

Appeal from the United States District Court for the Northern District of Texas.

Before WISDOM, KING and WILLIAMS, Circuit Judges.

KING, Circuit Judge:

S & H Marketing appeals from the order of the district court granting a preliminary injunction which precludes them from using promotional post card mailers which are "confusingly similar" to the copyrighted mailers of plaintiff Allied Marketing. For the reasons set forth below, we remand the case to the district court but leave the preliminary injunction in place on the condition that the district court issues a supplementary opinion explaining more fully its reasons for granting the preliminary injunction.

I.

Plaintiff-appellee Allied Marketing Group, Inc. ("Allied") sued defendants-appellants CDL Marketing, Inc., Carl D. Landon, and S & H Marketing Group, Inc. (collectively "S & H") in the Federal District Court for the Northern District of Texas, alleging copyright infringement, unfair competition under the Lanham Act, common law unfair competition, and civil conspiracy.

Both Allied and S & H are engaged in mail order retail sales and have used postcard mailers to notify consumers that particular goods are available for purchase. Stevan Hammond, the president of Allied, asserted that he conceived and developed the promotional postcard mailer at issue here and first used a similar mailer in 1985. On February 17, 1987, Allied registered its copyright in the postcard format. It began using the copyrighted version in January of 1987.

S & H, on the other hand, claims that it conceived the postcard format in February of 1987. S & H began mailing its postcards in June, 1987.

The allegedly infringing postcards mailed by S & H used a format which the district court found to be "virtually identical" to that used by Allied. Allied and S & H have both printed their cards on different colors of paper.

Allied requested and was granted a preliminary injunction prohibiting S & H from using the allegedly infringing postcard mailer. The district court issued a memorandum opinion and order granting the preliminary injunction on July 11, 1988. The preliminary injunction was issued on July 15, 1988, to remain in effect until plaintiff's application for a permanent injunction could be heard by the court. S & H subsequently moved to "alter, amend, and/or supplement" the preliminary injunction pursuant to Rules 52 and 59 and to stay the injunction pending appeal pursuant to Rule 62. In its motion, S & H argued that the district court had failed to address the validity of Allied's copyright or the protectability of its trade dress and asked the court to clarify the grounds of its memorandum opin-

ion of July 11, 1988. On September 21, 1988, the district court amended the preliminary injunction to clarify the scope of prohibited activity, but declined to alter its memorandum opinion. The district court also refused to stay the injunction pending appeal. S & H timely filed a notice of appeal from the original and amended orders.

II.

A preliminary injunction may be granted only if the moving party establishes each of the following four factors: (1) a substantial likelihood of success on the merits; (2) a substantial threat that failure to grant the injunction will result in irreparable injury; (3) that the threatened injury outweighs any damage that the injunction may cause the opposing party; and (4) that the injunction will not disserve the public interest. *Blue Bell Bio-Medical v. Cin-Bad, Inc.*, 864 F.2d 1253, 1256 (5th Cir. 1989); *Mississippi Power & Light Co. v. United Gas Pipe Line*, 760 F.2d 618, 621 (5th Cir.1985); *Dallas Cowboys Cheerleaders v. Scoreboard Posters*, 600 F.2d 1184, 1187 (5th Cir.1979). A preliminary injunction is an extraordinary remedy and should be granted only if the movant has clearly carried the burden of persuasion with respect to all four factors. *Mississippi Power & Light*, 760 F.2d at 621; *Apple Barrel Productions, Inc. v. Beard*, 730 F.2d 384, 389 (5th Cir.1984).

The decision whether to grant a preliminary injunction is within the discretion of the district court. Accordingly, we may reverse the district court's decision only if it constitutes an abuse of discretion. *Blue Bell Bio-Medical*, 864 F.2d at 1256; *Mississippi Power & Light*, 760 F.2d at 621. In reviewing the district court's decision for abuse of discretion, we will not disturb its findings of fact unless they are clearly erroneous. *Blue Bell Bio-Medical*, 864 F.2d at 1256; *Apple Barrel Productions*, 730 F.2d at 386. The district court's determinations will not, however, be entitled to the deferential standard of review provided by Rule 52(a) if the trial court has not properly applied

the governing legal standards. *Falcon Rice Mill, Inc. v. Community Rice Mill, Inc.*, 725 F.2d 336, 344 (5th Cir. 1984); *Chevron Chemical Co. v. Voluntary Purchasing Groups*, 659 F.2d 695, 703 (5th Cir.1981), *cert. denied*, 457 U.S. 1126, 102 S.Ct. 2947, 73 L.Ed.2d 1342 (1982).

In the instant case, the district court properly applied the four-pronged test for determining whether a preliminary injunction is appropriate. S & H contends, however, that the district court committed a number of legal errors in reaching its conclusions under each of the factors. In particular, S & H maintains that the district court erred in holding that there was a substantial likelihood that Allied would prevail on its copyright and unfair competition claims.¹ S & H has asserted a number of defenses

¹ S & H also claims that the district court erred in concluding that each of the three remaining factors militated in favor of a preliminary injunction. First, S & H notes that the central inquiry in deciding whether there is a substantial threat of irreparable harm to the plaintiff is whether the plaintiff's injury could be compensated by money damages, *City of Meridian v. Algernon Blair, Inc.*, 721 F.2d 525, 529 (5th Cir.1983). S & H maintains that Allied has not demonstrated that its injury could not be compensated by monetary damages. The district court found, however, that the damage to the goodwill of Allied's customers—as a result of confusion between Allied's mailers and those of S & H—might be incapable of calculation. We have recognized that a finding of irreparable harm is appropriate even where economic rights are involved when the nature of those rights makes "establishment of the dollar value of the loss . . . especially difficult or speculative." *Mississippi Power & Light*, 760 F.2d at 630 n. 12 (citing *State of Texas v. Seatrain Int'l, S.A.*, 518 F.2d 175, 179 (5th Cir.1975)). We therefore reject S & H's contention that the district court erred in finding that there was a substantial threat that Allied would suffer irreparable harm if the preliminary injunction was not granted.

S & H also claims that it will suffer greater harm as a result of the granting of the preliminary injunction than Allied would suffer as a result of a denial of the injunction. While S & H is correct that a showing of substantial likelihood of success on the merits does not create a presumption that harm to the plaintiff

to Allied's claims which could preclude Allied from prevailing on the merits. The district court's memorandum opinion fails, however, to discuss most of these contentions.

Rule 52(a) requires that in granting or refusing a preliminary injunction, the district court must "set forth the findings of fact and conclusions of law which constitute the grounds of its action." Fed.R.Civ.P. 52(a); *Commerce Park at DFW Freeport v. Mardian Construction Co.*, 729 F.2d 334, 342 (5th Cir.1984); *Inverness Corp. v. Whitehall*

¹ *continued*

outweighs harm to the defendant, *Apple Barrel Productions*, 730 F.2d at 390, the district court did not apply such a presumption. Rather, the district court concluded that the potential damage to Allied's goodwill outweighed any harm to S & H because S & H was free to use any number of alternative methods to promote its products. This case is very different from *Apple Barrel* in which we found that the substantial threat of irreparable harm to the plaintiff was balanced against the irreparable harm that defendants would suffer if plaintiff was allowed to "beat them to market" with the disputed concept for a television show. This case does not present the same "zero sum" dilemma. The district court was therefore within its discretion in concluding that because alternative promotion methods were available to S & H, S & H would not suffer harm equal to or greater than the substantial threat of irreparable harm to Allied.

Finally, S & H claims that the public interest would be disserved by granting a preliminary injunction in favor of Allied. S & H relies primarily on the fact that Allied's postcard mailers "drew the ire of the Texas Attorney General's office" because of their similarity to notices used by the United States Postal Service and by United Parcel Service. It is not clear, however, how S & H hopes to benefit from this argument since it seeks to use postcards with a substantially similar format. We cannot conclude that the district court abused its discretion in holding that the public interest would be served by "preserving the integrity of the copyright laws." The district court's conclusion properly reflects the policy judgment implicit in copyright and unfair competition laws that the public's interest in competition may be outweighed by the public's interest in preserving rights in intellectual property. We note, however, that the public interest calculus would be different if Allied has failed to carry its burden of persuasion regarding its likelihood of success on the merits.

Laboratories, 819 F.2d 48, 50 (2d Cir.1987). This requirement is intended in part to ensure that the district court explains its reasoning with sufficient particularity to provide a basis for appellate review.

While the district court in this case did set forth findings of fact and conclusions of law, its failure to address the defenses asserted by S & H impedes our ability to determine whether the district court erred in its decision to grant the preliminary injunction.

A. Copyright Infringement Claim

Allied's first claim is that S & H infringed Allied's copyright in the format of its postcard mailers. To establish the infringement of a copyright, the plaintiff must prove "ownership" of the copyrighted material and "copying" by the defendant. *Apple Barrel Productions*, 730 F.2d at 387; *Ferguson v. National Broadcasting Co.*, 584 F.2d 111, 113 (5th Cir.1978). "Ownership" is established by proving the originality and copyrightability of the material and compliance with "statutory formalities." *Apple Barrel Productions*, 730 F.2d at 387. "Copying" is generally established by proving that the defendant had access to the copyrighted material and that there is a "substantial similarity" between the two works. *Id.* at 387, n. 3; *Ferguson*, 584 F.2d at 113.

In the instant case, the district court found that Allied's certificate of registration established a prima facie case of "ownership" of the postcard. The district court also found that Allied had established a "substantial likelihood" that S & H "copied" the postcard. The district court noted that "S & H stipulated that it received at least one version of Allied's postcard as early as August 1986" and found that "[t]he record also indicates that each of the defendants had access to and was specifically aware of Allied's postcard promotions prior to the alleged conception" of the S & H postcard. The district court further found that the two post cards were "substantially—indeed, strikingly—similar." The district court concluded that Allied

had therefore demonstrated a substantial likelihood that it would prevail on the merits of the copyright infringement claim.

S & H, however, raised numerous defenses to the copyright claim, none of which was addressed by the district court. Most significantly,² S & H contends that Allied was not the original author of the post card mailer and that a substantial number of Allied's postcards—over one million—were mailed without any copyright notice affixed to them.³

S & H maintains that the postcard mailer at issue here was first developed, but not copyrighted, by Burke & Co. and was disseminated to two million consumers at least six months before the Allied mailers were first distributed. S & H argues that the Allied postcard is strikingly similar to the Burke card, compelling a finding that Allied copied the Burke card and is therefore entitled to no copyright in the cards. *Donald v. Zack Meyer's T.V. Sales & Service*, 426 F.2d 1027, 1029 (5th Cir.1970). S & H asserts that Allied's copyright in the card is therefore unenforceable against S & H.

Allied, on the other hand, claims that the pre-existing Burke postcard was not substantially similar to its postcard and that although Burke did subsequently mail a postcard substantially similar to the Allied card, the second Burke card was a copy of Allied's card. Although the district court made no finding on this point, Allied asserts that the facts necessary to resolve this dispute are contained in the evidence submitted to the district court and

² S & H also claims that Allied's copyright is invalid because (1) the samples filed with the copyright office did not bear a copyright notice, and (2) Allied misrepresented to the copyright office that it had not previously copyrighted the same materials. S & H further claims that even if the copyright is valid, it is unenforceable because of Allied's unclean hands.

³ S & H also claims that Allied mailed an additional 8 million copies of its postcards with defective notice.

that we should therefore assume that the district court implicitly resolved this issue in their favor.

While we appreciate Allied's candor in its characterization of the district court's opinion, we must, for the reasons explained below, decline to judge the merits of this appeal based on such "implied" findings of fact by the district court.

S & H maintains that even if Allied is the original author of the postcard, Allied lost any protection it may have had in the postcard mailer as a result of its failure to affix copyright notice to a significant number of its cards. S & H observes correctly that if a work has passed into the public domain as a result of the failure to provide notice of copyright, it may freely be copied. Thus, if S & H's defense is valid, Allied could not prevail on its copyright infringement claim.

Section 405(a) of the Copyright Act provides that omission of copyright notice will not invalidate a copyright if one of three conditions is met:

- (1) the notice has been omitted from no more than a relatively small number of copies or phonorecords distributed to the public; or
- (2) registration for the work has been made before or is made within five years after the publication without notice, and a reasonable effort is made to add notice to all copies or phonorecords that are distributed to the public in the United States after the omission has been discovered; or
- (3) the notice has been omitted in violation of an express requirement in writing that, as a condition of the copyright owner's authorization of the public distribution of copies or phonorecords, they bear the prescribed notice.

17 U.S.C. § 405(a); *Canfield v. Ponchatoula Times*, 759 F.2d 493, 497-98 (5th Cir.1985).

Allied argues that although the district court made no specific findings regarding the omission of copyright

notice, it "could not have . . . overlooked" the issue which was discussed at length in the parties' briefs to the district court. Allied maintains that because the district court found that there was a substantial likelihood that Allied would prevail on its copyright infringement claim, we may "assume" that the district court "impliedly" found that Allied had made reasonable efforts to cure the omission of copyright notice and that the copyright was therefore valid. What constitutes a "reasonable effort" under section 405(a)(2) varies from case to case, *Canfield*, 759 F.2d at 499, and requires factual determinations that we will not undertake on appeal.

There is substantial disagreement between the parties on both of these issues, including some matters which may require a determination of the credibility of witnesses whose deposition testimony was submitted to the district court.⁴ We therefore conclude that these questions must be resolved in the first instance by the district court. Absent a specific determination by the district court, we cannot know whether Allied has actually carried its burden of persuading the trial court that it is likely to prevail on the merits of its copyright claim. We therefore remand

⁴ Allied and S & H disagree as to the accuracy of Stevan Hammond's testimony regarding the last date on which Allied sent out the mailers which lacked copyright notice. The parties also disagree as to whether the "substantially similar" Burke postcard was disseminated to consumers before the Allied postcard. The district court issued an order on April 4, 1988 announcing that pursuant to Rules 43(e) and 78, the request for a preliminary injunction would be decided on the basis of affidavits and depositions and without a hearing "unless the court determines that a hearing is necessary to resolve conflicts in the evidence or to make credibility determinations." S & H does not argue on appeal that the district court erred in refusing to conduct an evidentiary hearing and we do not so hold. We simply direct the district court to consider whether resolution of these issues would require an evidentiary hearing under the standard set forth in *Commerce Park*, 729 F.2d at 341.

this question to the district court for further findings of fact and conclusions of law.⁵

B. Trade Dress Infringement Claim

Allied's second claim is that S & H's postcard mailers infringed upon the trade dress of Allied's mailers in violation of section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). "Trade dress" refers to the image and overall appearance of a product. *Blue Bell Bio-Medical*, 864 F.2d at 1256; *Falcon Rice Mill*, 725 F.2d at 337 n. 1. The Lanham Act prohibits a party from "passing off" its goods or services as those of a competitor by employing a substantially similar trade dress which is likely to confuse consumers as to the source of the product. *Blue Bell Bio-Medical*, 864 F.2d at 1256; *Sno-Wizard Mfg., Inc. v. Eisemann Products Co.*, 791 F.2d 423, 425-26 (5th Cir.1986); *Chevron*, 659 F.2d at 703.

We have held that a court must follow a two-step analysis in determining whether there has been an infringement of trade dress under the Lanham Act. First, the court must determine whether the trade dress is protected under the Act. This first inquiry encompasses three issues: (1) distinctiveness, (2) "secondary meaning," and (3) "functionality." *Blue Bell Bio-Medical*, 864 F.2d at 1256; *Sno-Wizard*, 791 F.2d at 425; *Sicilia Di. R. Biebow & Co. v. Cox*, 732 F.2d 417, 425 (5th Cir.1984).

⁵ Allied relies on our decision in *Plains Cotton Co-op v. Goodpasture Computer Service, inc.*, 807 F.2d 1256 (5th Cir.1987), for the proposition that we should accept the district court's word that it has reviewed the briefs and all the evidence and may assume that the district court implicitly made the findings of fact necessary to support its ultimate decision. While we noted that the district court opinion in *Plains Cotton* was "lean," 807 F.2d at 1260, the district court opinion in this case lacks *any* indication that the court considered the arguments presented by S & H. Unlike the district court opinion in *Plains Cotton*, the opinion in this case does not provide a sufficient basis for appellate review.

A trade dress is functional and therefore not entitled to protection if it consists of a "design or feature superior or optimal in terms of engineering, economy of manufacture, or accommodation of utilitarian function or performance." *Sicilia*, 732 F.2d at 429. A design that "merely assists in a product or configuration's utility" is not functional and may be protected. *Id.* The "ultimate inquiry" in determining the functionality of a trade dress is whether protection of the configuration will "hinder competition or impinge upon the rights of others to compete effectively in the sale of goods." *Id.*

If a trade dress is not functional, it is entitled to protection if it is distinctive or has acquired a "secondary meaning" such that the consuming public associates the trade dress with a particular source.⁶ Proof of secondary meaning is not required if a trade dress is "sufficiently distinctive of itself to identify the producer," *Sicilia*, 732 F.2d at 426, as when the dress consists of fanciful or arbitrarily-selected features which do not serve simply to "describe the product or [to] assist in its effective packaging." *Chevron*, 659 F.2d at 702.

If a court determines that the trade dress is protected—because it is nonfunctional and is either distinctive or has acquired secondary meaning, the court must then determine whether the trade dress has been infringed. Infringement is shown by demonstrating that the substantial similarity in trade dress is likely to confuse consumers. *Blue Bell Bio-Medical*, 864 F.2d at 1256; *Sno-Wizard*, 791 F.2d at 428; *Chevron*, 659 F.2d at 703; *Sun-Fun Products, Inc. v. Suntan Research & Development, Inc.*, 656 F.2d 186, 192 (5th Cir.1981). Although evidence of actual confusion on the part of consumers "is patently the best evidence

⁶ In *Sicilia*, we noted that a configuration or design that is sufficiently distinctive cannot also be functional in a legal sense. 732 F.2d at 425. In *Sno-Wizard*, however, we clarified that the converse is true—a finding of non-functionality does not dictate a finding that the dress is distinctive. A product may be both non-functional and non-distinctive. 791 F.2d at 427 n. 4.

of likelihood of confusion," *Chevron*, 659 F.2d at 704, it is not necessary to demonstrate actual confusion in order to prevail on a trade dress infringement claim. *Sun-Fun Products*, 656 F.2d at 191; *Sicilia*, 732 F.2d at 433. Rather, a likelihood of confusion may be determined by considering a number of factors or "digits" of confusion, including:

similarity of products, identity of retail outlets and purchasers, identity of advertising media, type (ie., strength) of trademark or trade dress, defendant's intent, similarity [sic] of design, and actual confusion. In addition, it is often appropriate to consider the degree of care exercised by purchasers: confusion is more likely, for example, if the products in question are 'impulse' items or are inexpensive.

Blue Bell Bio-Medical, 864 F.2d at 1260; *Sno-Wizard*, 791 F.2d at 428; *Sun-Fun Products*, 656 F.2d at 189.

In the instant case, the district court found that the mailers used by S & H were "virtually identical" to those used by Allied, that the use of the mailers had been profitable to S & H, and that Allied and S & H were likely to mail their promotions to the same group of consumers. The district court further found that the substantial similarity between the two mailers had resulted in "[a]ctual confusion on the part of consumers."

The district court was correct in noting that likelihood of confusion is central to determining whether a trade dress has been infringed, and we agree that there is sufficient evidence in this case to conclude that there is a substantial likelihood that Allied would prevail on this point.⁷ However, the district court failed to make the

⁷ S & H asserts that the evidence of actual confusion—consisting of less than 10 examples—is manifestly inadequate in light of the millions of postcard mailers that have been disseminated by both parties. As we note above, however, a party need not prove actual confusion in order to prevail in a trade dress infringement

(Footnote continued on following page)

threshold determination that Allied's trade dress was protected under the Act. A plaintiff's trade dress must rise to the level of trademark protectability before likelihood of confusion becomes relevant. *Sicilia*, 732 F.2d at 425. S & H has asserted vigorously that Allied's mailer is not distinctive; that the mailer had not acquired secondary meaning to consumers; and that the configuration of the mailer is functional such that Allied may not prevent its competitors from employing a similar format. Although the district court states in the "background" section of its opinion that Allied's postcards are "distinctive," it does not expressly address this issue in its legal analysis of the trade dress infringement claim, nor does the court address the questions of functionality or secondary meaning. It is therefore unclear whether the district court would conclude that the postcard format was sufficiently distinctive, in a legal sense, to make the latter two inquiries unnecessary.

Allied again argues that because the district court found that there was a substantial likelihood that Allied would

⁷ *continued*

action. Although the district court refers to the evidence of actual confusion, it is clear from the opinion that the district court did not rely on that evidence alone and recognized that a showing of likelihood of confusion is sufficient. Moreover, although the district court opinion does not explicitly apply the "digits of confusion" test, its findings address three of the factors—similarity of design, identity of purchasers, and actual confusion—we have deemed to be relevant and would be sufficient to establish a likelihood of confusion under our standard. "Intent" is the only relevant factor on which the district court did not make a finding. We have held that failure to make a specific finding with respect to one factor is not reversible error where the ultimate finding of likelihood of confusion is not clearly erroneous. *Blue Bell Bio-Medical*, 864 F.2d at 1259.

We find no clear error in the district court's ultimate finding of likelihood of confusion and therefore do not disturb the district court's conclusion on this point. We agree that if Allied's trade dress is protected, there is a substantial likelihood of success that Allied would prevail on the merits of the infringement claim.

prevail on the merits of the Lanham Act claim, this court may "presume" that the district court determined that its trade dress was protected.

We must again decline Allied's invitation to evaluate the district court's decision on the basis of "presumed" findings of fact and conclusions of law. Whatever we may think of the strength of S & H's arguments, we do not think that questions such as distinctiveness, functionality, or secondary meaning should be addressed in the first instance by an appellate court. See *Inverness*, 819 F.2d at 51 (district court decision granting a preliminary injunction in trade dress infringement action was inadequate under Rule 52(a) where the district court found a likelihood of confusion between the litigants' products but failed to address secondary meaning and functionality); see also *Central Gulf Steamship Corp. v. International Paper Co.*, 477 F.2d 907, 908 (5th Cir.1973) (remanding case to district court for formal findings of fact and conclusions of law in support of decision to grant preliminary injunction).

We agree that the "appropriate procedure" in this situation is to remand the case to the district court for an explanation of its decision. *Inverness*, 819 F.2d at 51. Because we cannot say at this point in time that the district court committed reversible error, we will leave the preliminary injunction in place on the condition that the district court issue a supplementary opinion making the findings of fact and conclusions of law required by this opinion not later than two months after the issuance of this court's mandate. The district court's opinion should address S & H's defenses to both the copyright and trade dress claims as well as S & H's claim of laches. We do not address these questions in more detail here because they have been thoroughly briefed by the parties.

Upon issuance of the district court's opinion, the appellant should supplement the record. It will not be necessary to file a new notice of appeal. The Clerk of this court will then establish an abbreviated briefing period

for supplemental briefs addressed to the issues raised by the district court's supplemental opinion.⁸

As a final point, we note that we have previously declined to fault a district court for issuing a preliminary injunction "despite the existence of a plausible defense." *Dallas Cowboys Cheerleaders*, 600 F.2d at 1188. In that case, however, the defendant had made only a passing reference to a potentially strong defense that the allegedly infringing poster was a parody of the plaintiffs' copyrighted original. We emphasized, moreover, that the district court had expressed willingness to hold the trial on the merits within two weeks' time.

In contrast, the defendants in this case presented several well-developed defenses below and the trial on the merits was originally scheduled to begin more than a year after the preliminary injunction was issued. It has now been continued until June of 1990—nearly two years after the entry of the original injunction. While we do not construe Rule 52(a) to require a district court in granting or denying a preliminary injunction to address every nuance of the parties' arguments with the same detail as it would following a full trial on the merits, the district court must at least make clear that it has considered plausible defenses which *are* fully briefed and argued by defendants. While a preliminary injunction may be appropriate even in the face of potentially significant defenses, it is frequently desirable in such cases to expedite the trial on the merits. See 11 C. Wright & A. Miller, *Federal Practice & Procedure* § 2950, at 484 (1973 & Supp.1988).

III.

For the foregoing reasons, we REMAND the case to the district court for further findings of fact and conclusions of law consistent with this opinion. The preliminary injunction will remain in place, subject to the conditions set forth above. Each party shall bear its own costs.

⁸ The parties are instructed to file with the district court copies of their briefs heretofore filed on appeal to this court.

SEP 16 1989

No. 89-199

JOSEPH P. McANULTY, JR.
CLERK

IN THE
Supreme Court of the United States

OCTOBER TERM, 1989

ENCO MANUFACTURING COMPANY, INC.,

Petitioner,

vs.

CLAMP MANUFACTURING COMPANY, INC.,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

**RESPONSE TO SUPPLEMENT TO THE
PETITION FOR WRIT OF CERTIORARI**

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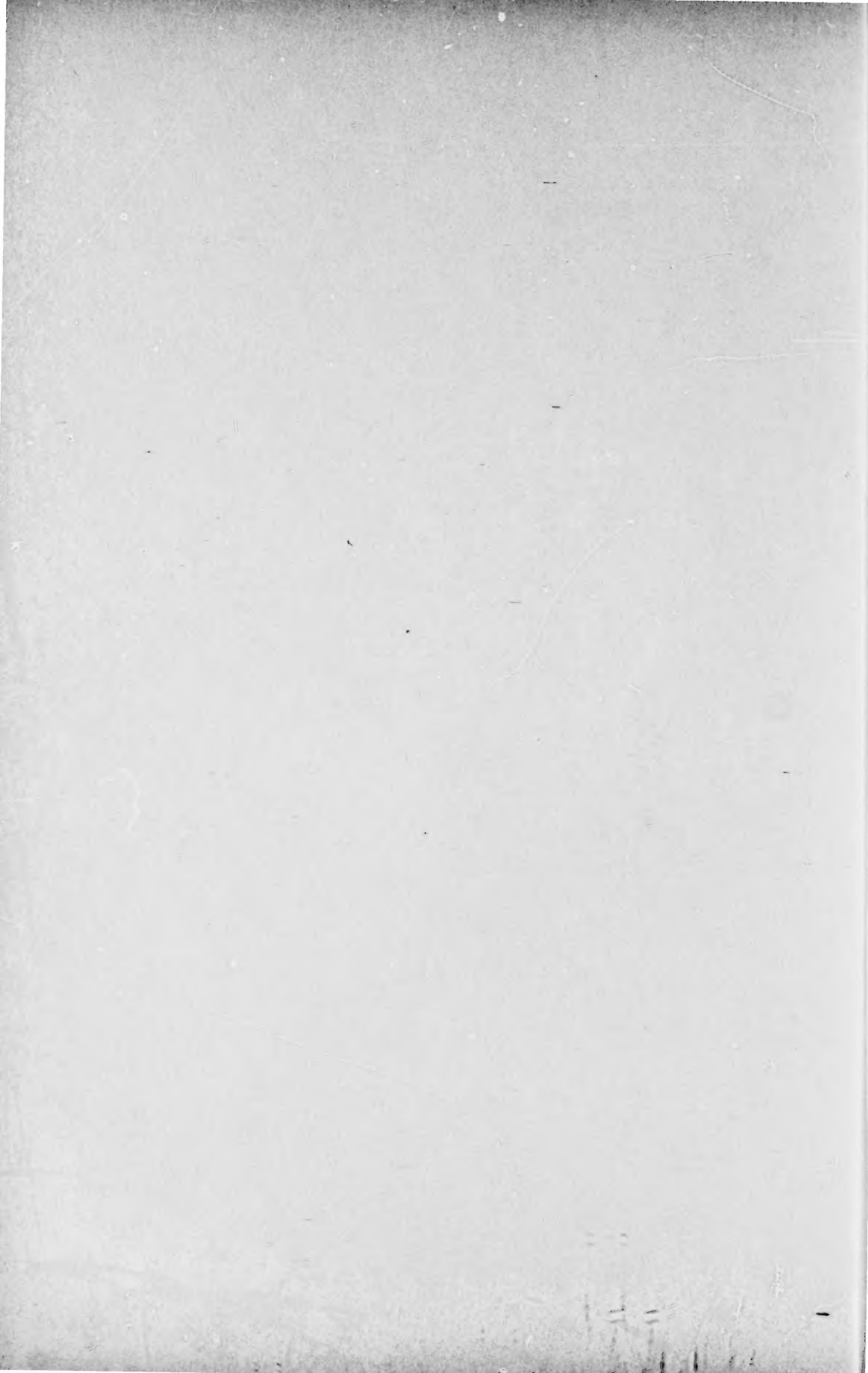


TABLE OF CONTENTS

	<u>Page</u>
TABLE OF AUTHORITIES.....	ii
RESPONSE TO SUPPLEMENT TO THE PETITION.....	1
CONCLUSION.....	6

TABLE OF AUTHORITIES

Cases

Page

Allied Marketing Group, Inc. v.
CDL Marketing, Inc., No. 88-1747,
slip op. (5th Cir. July 13, 1989)... 2-5

No. 89-199

IN THE

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ENCO MANUFACTURING COMPANY, INC.,

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vs.

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Respondent.

RESPONSE TO SUPPLEMENT TO THE
PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF
APPEALS FOR THE NINTH CIRCUIT

This response to the Supplement to the Petition for Writ of Certiorari addresses Petitioner's argument that a recent decision of the Fifth Circuit Court of Appeals allegedly reveals a conflict among the Circuits on the Third Question Presented for Review.

THE FIFTH CIRCUIT OPINION CITED BY PETITIONER DOES NOT CREATE A CONFLICT AMONG THE CIRCUITS, BUT SIMPLY PRESENTS A SITUATION, CONTRARY TO THE INSTANT ACTION, WHERE THE TOTAL ABSENCE OF FINDINGS BELOW PRECLUDED APPELLATE REVIEW.

Petitioner claims that the Fifth Circuit decision in Allied Marketing Group, Inc. v. CDL Marketing, Inc., No. 88-1747, slip op. (5th Cir. July 13, 1989) presents a conflict among the Circuits in that the Allied Marketing case allegedly is analogous to the instant action, wherein the Ninth Circuit affirmed the District Court's implied rejection of the laches defense because (1) it had no doubt that the District Court rejected the defense and (2) a full understanding of the issue was ascertainable from the findings entered by the District Court.

However, there is no conflict between the Circuits in that Petitioner's argument

fails to note a crucial distinction between the Allied Marketing case and the Ninth Circuit Opinion. Specifically, in the Allied Marketing case, the Fifth Circuit noted that the failure of the District Court to address certain defenses "impedes our ability to determine whether the District Court erred in its decision to grant a preliminary injunction." (App. 50) In the instant action, the Ninth Circuit concluded that a full understanding of the issue in question was ascertainable from the District Court's findings, which findings did address the relevant factors to the laches defense in question. (Petitioner's App. at p.5) In fact, the Ninth Circuit Opinion recited the District Court's specific findings relevant to the laches defense and made reference to the governing Ninth Circuit

decision setting forth those factors.
(Petitioner's App. 5-6)

Further, in the Allied Marketing case, the Fifth Circuit noted that the District Court opinion "lacks any indication that the court considered the arguments presented by [the appellant]." (emphasis in original) (App. 54) However, in the instant action, it is beyond dispute that the District Court had considered the arguments presented by Petitioner in connection with its laches defense, given the explicit findings of fact on the factors relevant to the laches defense entered by the District Court. (Petitioner's App. 5-6). Those findings did provide a sufficient basis for appellate review by the Ninth Circuit.

What the Fifth Circuit rejected in its Allied Marketing opinion was Allied's

invitation to evaluate the District Court's decision on the basis of presumed findings of fact and conclusions of law. In the instant action, the Ninth Circuit did not, in the first instance, have to presume any findings of fact, since it was reviewing specific findings on the elements of the laches defense, which findings left the Ninth Circuit with no doubt that the District Court had rejected this defense.

It is clear that appellate review under Rule 52(a), based upon the review of the opinions of the Fifth Circuit in the Allied Marketing case and the Ninth Circuit in the instant action, did not differ from Circuit to Circuit. There simply is no conflict between the Circuits in this regard.

CONCLUSION

For the foregoing reasons, the
Petition for Writ of Certiorari should be
denied.

Respectfully submitted,



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